FARMINGTON COMMUNITY LIBRARY

FINANCIAL REPORT
WITH
SUPPLEMENTAL INFORMATION

JUNE 30, 2021

Contents

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Farmington Community Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Farmington Community Library (the Library), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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, each major fund, and the aggregate remaining fund information of the Library as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General Fund budgetary comparison schedule, schedule of changes in the library net pension liability and related ratios, schedules of library pension and OPEB contributions, and schedule of changes in the net OPEB asset/liability and related ratios 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.

Alan C. Young & Asso.

Detroit, Michigan
October 12, 2021

This section of Farmington Community Library's (the Library) annual financial report presents our discussion and analysis of the Library's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the Library's financial statements, which follow this section.

Governmental Accounting Standards Board Statement No. 34

Farmington Community Library has prepared this report in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 34 reporting requirement. Known as GASB Statement No. 34, the reporting requirement includes this letter and provides a comparative analysis between the current year and prior year financial information. The following information presents a comparative analysis of key elements of the total governmental funds and the total enterprise funds.

Financial Highlights

- The Library's total assets are $19.8 million, and net position amounted to $16.9 million, an increase in net position of approximately $757,000 from the fiscal year ended June 30, 2020.
- During the year, the library-wide governmental activity revenue generated in taxes and other revenue was approximately $757,000 more than expenses for library operations.
- General Fund revenue exceeded expenditures by approximately $1,284,000. In addition, total General Fund revenue decreased by $211,000 and General Fund expenditures decreased by approximately $223,000 compared to fiscal year 2020. Fund balance in the General Fund increased from $3,990,794 to $5,054,919.

Overview of the Financial Statements

The Library's annual report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) notes to the financial statements, and (4) required supplemental information. The basic financial statements include two kinds of statements that present different views of the Library:

- The first statement is a combination of the funds' balance sheet and government-wide statement of net position.
- The second statement is a combination of the funds' statement of revenue, expenditures, and changes in fund balances and the government-wide statement of activities.
- Fund financial statements focus on individual parts of the library government, reporting the Library's operations in more detail than the government-wide statements.
- Government-wide financial statements provide both long-term and short-term information about the Library's overall financial status.
- The governmental fund statements tell how general government services were financed in the short term, as well as what remains for future spending.
- Unlike other governmental entities, the Library has no activities requiring proprietary fund statements.
- Fiduciary fund statements provide information about the financial relationships in which the Library acts as an agent that administers the fund for the benefit of others, to whom the resources in question belong.

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

Table 1 summarizes the major features of the Library's financial statements, including the portion of the Library government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Type of Information	Government-wide	Governmental Fund
Scope	Entire library government (except fiduciary funds)	Entire library government (except fiduciary funds)
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Statements

The government-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Library's net position and how it has changed. Net position – the difference between the Library's assets and deferred outflows of resources and its liabilities and deferred inflows of resources - is one way to measure the Library's financial health or position. Over time, increases or decreases in the Library's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Library, additional nonfinancial factors, such as changes in the Library's property tax base and whether or not larger expenditures for capital improvements affected the Library's net position, must be considered.

The government-wide financial statements of the Library are classified into the following category:

Governmental activities - The Library's basic services are included here. Property taxes and state revenue finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's most significant funds - not the Library as a whole. Funds are accounting devices that the Library uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. The library board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Library has two kinds of funds:

- Governmental funds - Most of the Library's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in the adjustments column on the financial statements that explain the relationship (or differences) between the two sets of statements.

- Fiduciary funds - The Library maintains a fiduciary fund for the Metro Net Agency activities and for their OPEB Fund.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $16,896,751 at the close of the most recent fiscal year.

The Library's Net Position

	2021	2020
Assets		
Current and Other Assets	$ 9,511,663	$ 7,007,050
Capital Assets	10,294,548	10,743,564
Total Assets	19,806,211	17,750,614
Deferred Outflows of Resources	67,573	186,776
Liabilities		
Current Liabilities	803,147	385,906
Noncurrent Liabilities	1,589,786	1,315,597
Total Liabilities	2,392,933	1,701,503
Deferred Inflows of Resources	584,100	95,829
Net Position		
Net Investment in Capital Assets	10,294,548	10,743,564
Restricted	306,717	309,418
Unrestricted	6,295,486	5,087,076
Total Net Position	$ 16,896,751	$ 16,140,058

The Library's combined net position as of June 30, 2021 is approximately $16,897,000. In comparison, last year's net position was approximately $16,140,000, an increase of approximately $757,000.

The Library's Changes in Net Position

	2021	2020
Revenue		
Property Taxes	$ 5,988,472	$ 5,830,304
Intergovernmental - State of Michigan	553,211	774,759
Memorials and Gifts	9,829	27,622
Fines and Fees	6,210	95,156
Investment Income	1,467	78,202
Other Income	39,344	82,338
Total Revenue	6,598,533	6,888,381
Expenses		
General Government:	3,049,553	4,134,724
Facilities and Equipment:	2,224,248	1,700,410
Administrative	95,132	137,033
Other Operating Expenses	247,304	263,147
Capital Outlay	225,603	248,336
Total Expenses	5,841,840	6,483,650
Excess of Revenue Over Expenditures	756,693	404,731
Net Position - Beginning of Year	16,140,058	15,735,327
Net Position - End of Year	$ 16,896,751	$ 16,140,058

Total revenue decreased approximately $290,000 or 4.2 percent from last year, a result of a decrease in intergovernmental revenue from the State of Michigan.

Total expenditures for the Library decreased approximately $642,000 or 9.9 percent. The decrease in overall spending was due to the change in operating conditions caused by COVID-19.

General Fund Budgetary Highlights

Over the course of the year, the Library amended the budget in a legally permissible manner to reflect changing events. There were minimal amendments made in the Library’s General Fund budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the Library had invested $10,294,548 in capital assets, net of related debt. These assets are recorded and depreciated using methods consistent with those established by the GASB.

Long-term Debt

The Library has no long-term debt outstanding for governmental activities at year end.

Economic Factors and Next Year's Budgets and Rates

Financial stability for operating monies has been the primary goal of the trustees' strategic plan. This was accomplished at the May 2005 election, with voter approval of a dedicated operating millage of 1 mill (.9787 with Headlee reduction) for 20 years until 2024. These library summer taxes were levied and collected beginning on July 1, 2005, replacing the quarterly appropriations from the cities of Farmington and Farmington Hills, Michigan. This is in addition to the 0.6 mill (.5730 with Headlee reduction) approved in 1998 for 15 years, expiring with the December 2012 levy.

In the November 2011 election, voters approved the renewal of the 0.5730 mill for 20 years until 2032. With this continued funding comes the financial stability for the Library board to plan and implement our service goals, even as the Library faces reduced property tax revenue and reduced interest earnings.

The Library continues to review all expenditures for value with focus on cost reductions, while meeting core resident requirements and services. This comes at a time when Library use is high, with over one million items checked out this year. Property tax revenue growth has been slow. Recovery of lost revenue due to the economic downturn may take years. However, personal property tax revenue enabled the Library to implement much needed capital improvements.

Due to the continued impact of COVID-19 in fiscal year 2020-2021, buildings were closed to the public. As a result, the Library offered curbside service only and many staff members remained on furlough to be called back in phases. On September 8, 2020, the buildings reopened to the public with reduced staff, at reduced hours, reduced services, and with visitation time limits. In November 2020, all remaining staff on furlough were updated on their status. Due to an increase in COVID cases, the buildings closed to the public again on November 19, 2020 offering curbside services only. On February 2, 2021, both buildings reopened at full hours with reduced services and visitation time limits. On June 1, 2021 time restrictions were removed and seating was put back in place.

The generosity of the Friends of the Farmington Community Library (the "Friends") added the following resources and materials:

- In fiscal year 2020-2021 the Library received an approximately $14,000 grant, *Improving Lives through Learning*, from Bosch Company, administered through the Friends, which helped to purchase two significant resources: *Boardmaker* software package and iPad, which will enable special needs students to virtually connect and attend our STEM programs, among other things. *Udemy* an online format like *Lynda*, which has 8,000 video-based courses in business, technology, software, and personal development in addition to language learning was purchased.
- The Farmington/Farmington Hills Special Services Activity Guide and Constant Contact, which promote participation in Library programs continues to be funded by the Friends.
- The Friends were also instrumental in sponsoring highly popular programs, such as Community Sings, Summer Reading, Battle of the Books, Family Fun in Riley Park Concert series, and Warm Wraps for Seniors.

Economic Factors and Next Year's Budgets and Rates (Continued)

- "1000 Books Before Kindergarten," an early childhood reading initiative, was launched in October 2016, with books and related material purchased by the Friends of the Library.
- The Friends continue to support the usage fee for our circulating Hot Spots which have become more popular during the pandemic.
- During Asian Pacific American Heritage Month Celebration, the Friends supported a performance by the Hawaiian Dancers which supports the library's goal to promote diversity in our community.

There continue to be significant savings due to changes made by the Library Board to health care. During the fiscal year, the Library made additional contributions totaling $169,615 to the defined benefit funding of Retiree Health Care Fund, which closed in 2016 to new participants.

Due to unpredictable increases in the healthcare costs, the Board of Trustees redesigned the retiree healthcare benefit in December 2016 for future retirees, thereby significantly reducing legacy costs. Eligible retirees who were participating in the program when it closed were protected from any loss of benefits, and the current retiree health plan is fully funded as of June 30, 2021.

Effective December 2016, the board of trustees adopted a defined contribution retiree health savings plan for all active full-time employees, which requires an employee contribution toward costs and limits the Library's legacy costs. Part time staff expressed an interest in participating in the new plan and the Board approved this effective July 2019.

The reality of our aging buildings will necessitate increased expenditures for maintenance and capital improvement. Accomplishments during fiscal year 2020-2021 included roofing repairs at Liberty Street and 12 Mile, rooftop compressor replacement at Liberty Street, lighting repairs at 12 Mile, main blower repairs at 12 Mile, and repaving of the 12 Mile south parking lot.

Next Year's Budget

Plans for 2021-2022 include:

- 12 Mile chiller replacement
- Automation System Upgrade
- Space Utilization Study – 12 Mile and Liberty Street
- HVAC and Roofing Replacements for both 12 Mile and Liberty Street
- Liberty Street Display Case Reconfiguration
- Development of a dedicated "teen space" and additional areas for group study and collaboration
- Development of a Baby/Tot area – 12 Mile & Liberty Street
- Water meter repair – Liberty Street
- Purchase of two snow blowers
- Purchase of two lawnmowers
- JC Unit – 12 Mile & Liberty Street

A building assessment was performed on each location by JLL to allow the board to plan and prioritize upcoming projects in order of necessity. The Board of Trustees is taking an active role in upgrading infrastructure and mechanicals of both branches.

Next Year's Budget (Continued)

Economic forecasts for 2021-2022 from both cities assume a slight increase in property values. However, the Headlee Amendment continues to reduce the amount the Library receives in property tax revenue. The Library will continue to work toward the Library Board’s fiscal objectives, as follows:

- Optimize alternative resource funding, including additional philanthropy and charitable giving to the Library and opportunities to increase revenue.
- Demonstrate wise stewardship of library resources by pursuing efficiencies for operations and performing repairs and maintenance of infrastructure consortium and bid purchasing options.
- Procure and use various analytic and marketing tools to assess the service model of the library to proactively change services and staffing structure to best serve the changing needs of the community.
- Continue to implement the strategies outlined in the Library Strategic Plan. The Library looks to engage stakeholders by increasing community partnerships, responding to the rapidly changing technological needs of its patrons and marketing to non-users. We are especially interested in re-engaging with patrons ages 18-30, as their usage has dropped off.

Requests for Further Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Library’s finances and to demonstrate the Library’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Library Director at 32737 West Twelve Mile Road, Farmington Hills, MI 48334-3302.

FARMINGTON COMMUNITY LIBRARY

Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2021

	Modified Accrual					
	General Fund	Major Capital Reserve Fund	Nonmajor Endowment Special Revenue Fund	Total	Adjustments (Note 13)	Statement of Net Position - Full Accrual
ASSETS						
Cash & Cash Equivalents (Note 3)	$ 5,394,273	$ 2,301,370	$ -	$ 7,695,643	$ -	$ 7,695,643
Investments (Note 3 and 4)	-	-	352,745	352,745	-	352,745
Accounts Receivable	44,303	-	-	44,303	-	44,303
Due From Other Governmental Agencies	270,872	-	-	270,872	-	270,872
Prepaid Expenses and Other Assets	148,618	-	-	148,618	-	148,618
Net OPEB Asset (Note 10)	-	-	-	-	999,482	999,482
Capital Assets - Net (Note 5)						
Non-depreciable	-	-	-	-	445,661	445,661
Depreciable	-	-	-	-	9,848,887	9,848,887
Total Assets	5,858,066	2,301,370	352,745	8,512,181	11,294,030	19,806,211
Deferred Outflows of Resources						
Deferred Pension Costs (Note 8)	-	-	-	-	50,190	50,190
Deferred OPEB Cost (Note 10)	-	-	-	-	17,383	17,383
Total Assets and Deferred Outflows of Resources	$ 5,858,066	$ 2,301,370	$ 352,745	$ 8,512,181	$ 11,361,603	$ 19,873,784
LIABILITIES AND FUND BALANCE/NET POSITION						
LIABILITIES						
Accounts Payable	$ 210,859	$ -	$ -	$ 210,859	$ -	$ 210,859
Accrued Liabilities and other	582,434	-	-	582,434	-	582,434
Due to Other Governmental Agencies	9,854	-	-	9,854	-	9,854
Noncurrent Liabilities:						
Due within one year - Compensated Absences (Note 6)	-	-	-	-	152,042	152,042
Due in more than one year:						
Compensated Absences (Note 6)	-	-	-	-	38,011	38,011
Net Pension Liability (Note 8)	-	-	-	-	1,399,733	1,399,733
Total Liabilities	803,147	-	-	803,147	1,589,786	2,392,933
Deferred Inflows of Resources						
Deferred Pension Costs (Note 8)	-	-	-	-	253,772	253,772
Deferred OPEB Cost (Note 10)	-	-	-	-	330,328	330,328
Total Liabilities and Deferred Inflows of Resources	$ 803,147	$ -	$ -	$ 803,147	$ 2,173,886	$ 2,977,033
FUND BALANCE (Note 1)						
Nonspendable	$ 148,618	$ -	$ -	$ 148,618	$ (148,618)	$ -
Restricted:						
Books	191,738	-	-	191,738	(191,738)	-
DVDs	1,709	-	-	1,709	(1,709)	-
Farmington Branch	12,599	-	100,000	112,599	(112,599)	-
Children Services	671	-	-	671	(671)	-
Total Restricted	206,717	-	100,000	306,717	(306,717)	-
Committed						
Future Endowments	-	-	252,745	252,745	(252,745)	-
Employee Fringe Benefits	15,777	-	-	15,777	(15,777)	-
Assigned - Capital Projects	-	2,301,370	-	2,301,370	(2,301,370)	-
Unassigned	4,683,807	-	-	4,683,807	(4,683,807)	-
Total Fund Balance	5,054,919	2,301,370	352,745	7,709,034	(7,709,034)	-
Total Liabilities, Deferred Inflows and Fund Balance	$ 5,858,066	$ 2,301,370	$ 352,745	$ 8,512,181		
NET POSITION						
Net Investment in Capital Assets					10,294,548	10,294,548
Restricted:						
Books					191,738	191,738
DVDs					1,709	1,709
Farmington Branch					112,599	112,599
Children Services					671	671
Total Restricted					306,717	306,717
Unrestricted					6,295,486	6,295,486
Total Net Position					$ 16,896,751	$ 16,896,751

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

FARMINGTON COMMUNITY LIBRARY

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities
Year Ended June 30, 2021

	Modified Accrual					
	General Fund	Major Capital Reserve Fund	Nonmajor Endowment Special Revenue Fund	Total	Adjustments (Note 13)	Statement of Activities - Full Accrual
REVENUE						
Property Taxes	$ 5,988,472	$ -	$ -	$ 5,988,472	$ -	$ 5,988,472
Intergovernmental - State of Michigan	553,211	-	-	553,211	-	553,211
Memorials and Gifts	9,829	-	-	9,829	-	9,829
Fines and Fees	6,210	-	-	6,210	-	6,210
Investment Income	2,782	450	(1,765)	1,467	-	1,467
Other Income	39,344	-	-	39,344	-	39,344
Total Revenue	6,599,848	450	(1,765)	6,598,533	-	6,598,533
EXPENDITURES - CURRENT						
General Government:						
Salaries and Wages	2,202,336	-	-	2,202,336	(39,867)	2,162,469
Fringe Benefits	769,990	-	-	769,990	117,094	887,084
Facilities and Equipment:					-	
Professional Services	605,751	-	-	605,751	-	605,751
Repairs and Maintenance	379,201	-	-	379,201	-	379,201
Utilities	236,001	-	-	236,001	-	236,001
Depreciation	-	-	-	-	1,003,295	1,003,295
Administrative:						
TLN/Internet	25,589	-	-	25,589	-	25,589
Insurance	69,543	-	-	69,543	-	69,543
Other Operating Expenses	247,304	-	-	247,304	-	247,304
Capital Outlay:					-	
Building and Building Improvements	180,575	-	-	180,575	(180,575)	-
Furniture and Equipment	49,898	-	-	49,898	(49,898)	-
Vehicles	522	-	-	522	-	522
Books, Periodicals, and Library Materials	548,887	-	-	548,887	(323,806)	225,081
Total Expenditures	5,315,597	-	-	5,315,597	526,243	5,841,840
Other Financing Sources (Uses)						
Transfers In	-	220,126		220,126	(220,126)	-
Transfers Out	(220,126)	-	-	(220,126)	220,126	-
Total other financing sources (uses)	(220,126)	220,126	-	-	-	-
Excess (Deficiency) of Revenue Over Expenditures/ Net Change in Fund Balance/Net Position	1,064,125	220,576	(1,765)	1,282,936	(526,243)	756,693
Fund Balance/Net Position - June 30, 2020	3,990,794	2,080,794	354,510	6,426,098	9,713,960	16,140,058
Fund Balance/Net Position - June 30, 2021	$ 5,054,919	$ 2,301,370	$ 352,745	$ 7,709,034	$ 9,187,717	$ 16,896,751

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

Statement of Fiduciary Net Position
Year Ended June 30, 2021

	Other Employee Benefit Trust Fund	Custodial Funds
	OPEB	Metro Net Agency
ASSETS		
Cash & Cash Equivalents	$ -	$ 30,772
Receivables	-	8,695
Investments (Note 4)	2,475,967	-
Other Assets	-	-
Total Assets	2,475,967	39,467
LIABILITIES		
Accrued Liabilities and Other	-	28,003
Total Liabilities	-	28,003
NET POSITION		
Restricted for:		
Postemployment Benefits other than Pensions	2,475,967	-
Metro Net Consortium Members	-	11,464
Total Net Position	$ 2,475,967	$ 11,464

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Other Employee Benefit Trust Fund	Custodial Funds
	OPEB Funds	Metro Net Agency
ADDITIONS		
Reimbursement Revenue	$ -	$ 272,264
Membership Dues	-	31,500
Contributions	169,615	-
Investment Gain Loss	544,146	-
Other Income	-	7
Total Revenue	713,761	303,771
DEDUCTIONS		
Metro Net Agency Fee	-	10,000
Other Operating Expenses	-	16,017
Reimbursable Expenses	-	266,290
Benefits Paid to Participants/Beneficiaries	169,615	-
Professional Services	4,002	-
Total Expenditures	173,617	292,307
Net Change in Fund Balance/Net Position	540,144	11,464
Fund Balance/Net Position - June 30, 2020	1,935,823	-
Fund Balance/Net Position - June 30, 2021	$ 2,475,967	$ 11,464

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Farmington Community Library (the Library) was established in 1956 and serves the Farmington communities through two libraries located in Farmington and Farmington Hills.

Reporting Entity

The Library is governed by an appointed eight-member board of trustees. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. It provides resources for the informational, educational, cultural, and recreational needs of its patrons. The residents of both cities approved an independent tax millage in 2005 that allows the Library to no longer be dependent on subsidies from the cities after the year ended June 30, 2005.

The Library's General Fund, Major Capital Reserve Fund and Endowment Special Revenue Fund account for all financial resources of the Library.

The accompanying financial statements present the Library and any component units, entities for which the Library is considered to be financially accountable. There are no component units required to be included in the library's financial report.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The following is a summary of the significant accounting policies:

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

The statement of net position includes and recognizes all long-term assets and receivables as well as long term debt and obligations. The library's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The statement of activities includes depreciation on long term assets and eliminates capital outlay expense.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes susceptible to accrual that is, when it becomes both measurable and available. Revenue is considered available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Separate financial statements are presented for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. The fiduciary fund uses the economic resources measurement focus and 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.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds

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

Major Funds

a. **General Fund** is the primary operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

b. **Capital Reserve Fund** is used to account for funds that are assigned for expenditure for capital projects.

Nonmajor Fund

c. **Endowment Special Revenue Fund** was established to account for donations restricted for purpose. The board resolved in fiscal year 2012 that only investment earnings can be used for library special projects, as periodically determined by the library board. Currently, the portion of the donations that has a purpose restriction is shown as restricted fund balance. The library board has committed the remaining fund balance for future endowments. These funds are set aside for the library board to use for any intent in the future. The funds may not be spent until the library board releases them for a specific purpose. The Library has no nonspendable permanent endowments at this time.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Library's programs. Activities that are reported as fiduciary include assets held in a trust or as an agent for other, including the Metro Net Agency Fund and the Other Employee Benefit Trust Fund. The Other Employee Benefit Trust Fund became a Fiduciary Fund for the year ended June 30, 2021 due to the implementation of GASB 84.

Interfund Activity

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.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the 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 governmentwide 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. There was a transfer of $220,126 from General Fund to the Capital Reserve Fund during fiscal year 2021.

Property Tax Revenue - Property taxes are levied and due on each July 1 on the taxable valuation of property included in the Library's district, as of the preceding December 31. Taxes are collected by the cities of Farmington and Farmington Hills, Michigan without penalty through September 15, at which date they are considered delinquent and penalties and interest are assessed. Property taxes attach as an enforceable lien on property as of December 31 each year.

The Library's 2020 tax is levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2021, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the City of Farmington and Farmington Hills totaled $3.937 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA). Taxes levied consisted of 1.5209 mills and resulted in a gross Library levy of $5,988,284, net of Michigan Tax Tribunal adjustments, which is recognized in the General Fund. Out of total 1.5209 mills, one operating mill of 0.9593 expires in the year 2024, while the other 0.5616 mills expire in 2032.

Cash Equivalents - The Library considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Investments are stated at fair value based on quoted market prices.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectible amounts.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid expenses.

Capital Assets - Capital assets owned by the Library, are reported in the statement of net position. The Library's capital assets consist of property, plant, equipment, artwork, vehicles and books. 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. However, books and periodicals are identified by management at acquisition regardless of dollar amount and capitalized accordingly. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Asset Class	Depreciable life - in years
Buildings and Improvements	15-39
Equipment and Furniture	3-7
Books and other Resources	10
Vehicles	5

Compensated Absences (Vacation and Sick leave) – Library employees have a vested right to receive payments for unused vacation and sick leave under conditions specified in the personnel policy manual. All vacation and applicable sick leave is accrued when incurred at the government-wide level. A liability for these amounts is reported in governmental funds only for employee termination at year end.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

The Library has deferred outflows of resources related to the pension and OPEB plans of $50,190 and $17,383 at June 30, 2021.

Deferred Inflows of Resources – In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue in the current period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Library has deferred inflows of resources related to the pension plan and OPEB plans of $253,772 and $330,328 at June 30, 2021.

Pension and Other Postemployment Benefit Costs

The Library offers both pension and retiree healthcare benefits to retirees.

The Library offers a defined benefit pension plan to its full- and part-time employees hired prior to 1999. Employees hired after 1999 are enrolled in a defined contribution plan to which the employer contributes 5 % of gross wages per pay period. As there is no vesting period, the Library has no fiduciary rights or responsibilities for the defined contribution plan other than the payment of the 5 % gross wages. The Library records a net defined benefit pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. 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 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Pension and Other Postemployment Benefit Costs (Continued)

The Library records a net OPEB asset 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 asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Care Plan 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Equity – Net position is classified in three components:

(a) **Net Investment in Capital Assets** - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(b) **Restricted** - Consists of net position with constraints placed on the use by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

(c) **Unrestricted** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

<u>Nonspendable</u>: Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

<u>Restricted</u>: Amounts that are restricted to specific purposes by constraints placed on the use of resources by either externally imposed creditors, grantors, contributors or laws or regulations of other governments or amounts that are imposed by law through constitutional provisions or enabling legislation.

<u>Committed</u>: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision making authority, the Board of Trustees. Commitments must be made by resolution of the Board of Trustees and can be rescinded only by resolution. Commitment resolutions must be made prior to year-end.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Equity (Continued)

Assigned: Amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. Intent must be expressed by the Board of Trustees.

Unassigned: Amounts that are the residual classification for the general fund. In other governmental funds, if expenditures are incurred for specific purposes that exceed the amounts restricted, committed or assigned, it will be necessary to report a negative unassigned fund balance in the fund.

At June 30, 2021, the Library has $148,618 of nonspendable fund balance, $306,717 restricted, $268,522 committed for future endowments and employee fringe benefits, and $2,301,370 assigned for capital projects.

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 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 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 bund 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.

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

Adoption of New Accounting Pronouncement

During the current year, the Library adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard the Library now reports the Other Employee Bemefit Trust Fund – OPEB Funds as a Fiduciary Fund.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, expenditures were below appropriations for all line items. In total Expenditures were $1,058,113 below the final budget.

3) DEPOSITS AND INVESTMENTS

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

In 1996 the Library established the Endowment Special Revenue Fund and adopted an investment policy for funds received by the Endowment Special Revenue Fund. The Endowment Special Revenue Fund investment policy follows Michigan Public Act 20 of 1943.

The Library has designated two banks and one financial institution for the deposit of its funds. The Library’s deposits and investment policies are in accordance with statutory authority.

The Library's cash is subject to custodial credit risk of bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library has a deposit policy for custodial credit risk that limits investments to those authorized by laws governing surplus funds in the state of Michigan. It also requires portfolio diversification, use of only institutions with FDIC offerings, and holding securities in the Library’s name. At year end, the Library has $2,288,572 of deposits (checking, savings, and certificate of deposit accounts) that were uninsured and uncollateralized. $500,000 is insured by the FDIC.

3) DEPOSITS AND INVESTMENTS (Continued)

Investments

Custodial Credit Risk

The Library's investments are subject to custodial credit risk of investments. Custodial credit risk is the risk that in the event of a failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Library does not have a policy for custodial credit risk.

At June 30, 2021, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Library's name:

Investment Type	Carrying Value	How Held
Governmental Security Money Market Mutual Funds	$ 2,212	Counterparty
Governmental Security Fixed Income Mutual Funds	68,464	Counterparty
Money Market	282,069	Counterparty
Total Investments	$ 352,745	

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 June 30, 2021 the Library had the following investments and weighted average maturities:

Primary Government	Fair Value	Maturity
Fixed-Income Security Pool	$ 68,464	6-10 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library's investment policy does not further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Primary Government	Fair Value	Rating	Rating Organization
Fixed-Income Security Pool	$ 68,464	Not rated	N/A
Bank Investment Pool	4,936,092	Not rated	N/A

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer (other than the U.S. government). None of the Library's investments are concentrated in any one issuer more than 5 %.

3) DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The Library held no such investments at June 30, 2021.

4) FAIR VALUE MEASUREMENTS

The Library uses fair value measurements in the preparation of its financial statements. The framework for measuring fair value is provided by fair value hierarchy established by generally accepted accounting principles and is based on the valuation inputs used to measure the fair value of the assets. The three levels of the fair value hierarchy are described as follows:

- **Level 1**: inputs are quoted prices in active markets for identical assets.
- **Level 2**: inputs are significant other observable inputs.
- **Level 3**: inputs are significant unobservable inputs.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

Investment in Entities that Calculate Net Asset Value per Share

The Library holds shares or interests in investment companies 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. As of June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice
US. Government Fixed Income	$ 352,745	$ -	N/A	N/A
Bank Investment Pool	4,936,092	-	N/A	N/A
MERS Total Market Fund	2,475,967	-	N/A	N/A
Total Investments Measured at NAV	$ 7,764,804	$ -		

4) FAIR VALUE MEASUREMENTS (Continued)

The bank investment pool contains investments in the Comerica J Fund, which is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost. The amortized cost value reported is within 0.5 % for fair value.

The MERS Total Market Fund is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Fund.

5) CAPITAL ASSETS

Capital asset activity of the Farmington Community Library's governmental activities is as follows:

	Balance 6/30/2020	Additions	Disposals	Balance 6/30/2021
Capital Assets not Being Depreciated:				
Artwork	$ 163,049	$ -	$ -	$ 163,049
Land	130,410	-	-	130,410
Construction In Process	-	152,202	-	152,202
Subtotal	293,459	152,202	-	445,661
Capital Assets Being Depreciated:				
Buildings and Sites	17,667,922	30,805	9,961	17,688,766
Furniture and Equipment	3,213,505	54,380	-	3,267,885
Books	5,316,157	316,892	169,387	5,463,662
Vehicles	47,926	-	-	47,926
Subtotal	26,245,510	402,077	179,348	26,468,239
Accumulated Depreciation:				
Buildings and Sites	9,607,450	412,152	9,961	10,009,641
Furniture and Equipment	2,589,678	175,174	-	2,764,852
Books	3,580,763	408,541	169,387	3,819,917
Vehicles	17,514	7,428	-	24,942
Subtotal	15,795,405	1,003,295	179,348	16,619,352
Net Capital Assets Being Depreciated	10,450,105	(601,218)	-	9,848,887
Net Capital Assets	$ 10,743,564	$ (449,016)	$ -	$ 10,294,548

6) COMPENSATED ABSENCES

Compensated absences represent the Library’s liability for accrued sick and vacation time at June 30, 2021. The amount due within one year represents 80% of the total liability and is based on the Library’s estimate.

Compensated absences is a long-term liability and is therefore recorded only in the statement of net position, and not at the fund level. It will be liquidated primarily by the General Fund. The compensated absences activity for the year ended June 30, 2021 is summarized below:

	June 30, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Accumulated Compensated Absences	$ 229,920	$ 144,069	$ 183,936	$ 190,053	$ 152,042

7) JOINT VENTURES

The Metro Net Library Consortium (the “Consortium” or Metro Net) is a Michigan nonprofit corporation incorporated in January 1994, whose members are seven public libraries: Baldwin (Birmingham), Bloomfield Township, Canton, Farmington Community, Rochester Hills, Southfield, and West Bloomfield Township. The Consortium was founded to promote resource sharing by creating a flexible environment conducive to experimentation, technology innovations, and progressive approaches to library service. The members pay an annual membership fee to the Consortium for shared services.

Farmington Community Library is the principal office of Metro Net, with the Farmington Community Library director serving as the Consortium's fiscal agent and on the Consortium's board of directors. The agency activities of Metro Net are reported in the fiduciary custodial fund.

Total Metro Net net position held by the Library as fiscal agent at June 30, 2021 amounted to $11,464.

8) 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 or MERS of Michigan) that covers all employees of the Library hired and enrolled in MERS prior to July 1999. This plan requires active employees to work a minimum of 80 hours per month. MERS of Michigan 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 of Michigan issues a publicly available financial report, which 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 of Michigan at 1134 Municipal Way, Lansing, MI 48917.

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 of Michigan. The MERS plan covers general employees.

8) DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Continued)

Retirement benefits for employees are calculated as credited service at the time of membership termination multiplied by 2.0 % of the employee's final average compensation (FAC). Normal retirement age is 60 with 10 or more years of service. The plan also provides for early retirement at 55 with 15 or more years of service and at 50 with 25 or more years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits may apply if certain conditions are met. Benefits for a duty death are a minimum of 25 % of the employee's FAC. Benefits for a nonduty death are 85 % of employee's straight-life benefit. The spouse or beneficiary may also elect to withdraw employee contributions. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, non-compounding.

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	30
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Active Plan Members	4
Total Employees covered by MERS of Michigan	37

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 of Michigan 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 of Michigan 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 plan has two classes of employees. One class is not required to make contributions. The other class is required to contribute 5 % of gross wages; for the fiscal year ended June 30, 2021, the contribution was $5,839.

8) DEFINED BENEFIT PENSION PLAN (Continued)

Contributions (Continued)

Employer contributions for the year ended June 30, 2021 totaled $79,128. The changes in net pension liability table shown below uses the calendar year from January 1, 2020 through December 31, 2020 to be in compliance with GASB 68.

Net Pension Liability

The Library has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2021 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, 2020 measurement date. The December 31, 2020 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, 2019	$ 9,539,417	$ 8,453,740	$ 1,085,677
Changes for the Year:			
Service Cost	18,659	-	18,659
Interest	696,866	-	696,866
Change in benefit terms	-		-
Differences between Expected and Actual Experience	105,807	-	105,807
Changes in Actuarial Assumptions	560,322	-	560,322
Contributions - Employer	-	79,128	(79,128)
Contributions - Employee	-	5,839	(5,839)
Net Investment Earnings	-	999,125	(999,125)
Benefit Payments, Including Refunds	(758,928)	(758,928)	-
Administrative Expenses	-	(16,494)	16,494
Net Changes	622,726	308,670	314,056
Balance at December 31, 2020	$ 10,162,143	$ 8,762,410	$ 1,399,733

For the year ended June 30, 2021, the Library recognized pension expense of $670,927.

Deferred Outflows of Resources Related to Pensions

At June 30, 2021, the Library reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (253,772)
Employer contributions to the plan subsequent to the measurement date	50,190	-
Total Deferred Outflows of Resources	$ 50,190	$ (253,772)

8) DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Year Ending June 30	Amount
2022	$ (49,964)
2023	37,539
2024	(164,771)
2025	(76,576)
Total	$ (253,772)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases in the long term of 3.00 percent, and an investment rate of return (gross of investment expenses including inflation) of 7.60 percent.

The valuation incorporates fully generational mortality. The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates.

For Pre-Retirement Mortality: 100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, 100% of PubG-2010 Healthy Retiree Tables for Ages 81-120.

For Non-Disabled retired plan members and beneficiaries: 106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, 106% of PubG-2010 Healthy Retiree Tables for Ages 50-120.

For Disabled retired plan members: 100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17, 100% of PubNS-2010 Disabled Retiree Tables for Ages 18-120.

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study covering the period from January 1, 2014 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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.

8) DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

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 as of the December 31, 2020 measurement date, for each major asset class, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	60.00%	5.25%
Global Fixed Income	20.00%	1.25%
Private Investments	20.00%	7.25%

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%, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 % point lower or 1 % point higher than the current rate:

	Discount Rate	Net Pension Liability
Current Rate	7.6%	$ 1,399,733
1% Decrease	6.6%	2,333,539
1% Increase	8.6%	595,817

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 pension, 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.

8) DEFINED BENEFIT PENSION PLAN (Continued)

Changes in Assumptions

In February 2020 the actuary modified significant assumptions that affect the measurement of the total pension liability. A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions are effective for contributions beginning in 2022.

9) DEFINED CONTRIBUTION PENSION PLAN

During the year ended June 30, 2000, the Library began the Farmington Community Library Defined Contribution Plan, as administered by MERS of Michigan. All regular employees of the Library hired after July 15, 1999 and working 80 hours or more per month are eligible to participate in the plan. Employees hired before July 15, 1999 had a one-time option to remain with the MERS Defined Benefit Pension Plan or to transfer their retirement accruals to the defined contribution plan. The transfer occurred on March 29, 2000.

The plan provides that the Library will contribute 5 % of eligible employees' gross wages to the plan, and employees may contribute after-tax wages to the plan. The contributions are self-directed by the employees among several investment options. Contributions are fully vested at the time of the contribution. Employees may withdraw pension accruals upon termination from the Library. For the year ended June 30, 2020, employer contributions to the plan were $75,777 and employee contributions to the plan were $14,975.

10) OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) – RHCP

Plan Description

Beginning with the fiscal year 2005-2006, the Library elected to participate in the MERS Retiree Health Fund as the method to fund retiree health care for current employees. The Library provides postemployment Medicare supplement health benefits to its employees who were considered full-time employees as of November 30, 2013 and who retired with at least 10 years of continuous full-time service, attained the age of 65, and were eligible for Medicare. The Retiree Health Care Plan (RHCP) is a single-employer defined benefit plan administered by the Farmington Community Library. Retirees participating in this plan are required to make a contribution towards costs depending on their number of years of service.

10) OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) – RHCP (Continued)

Plan Description (Continued)

During December 2016, the Library began participating in the MERS Health Care Savings Program. All active full-time employees eligible for participation in the MERS Retiree Health Fund were given the option to elect to be transferred to the new plan. These employees had until January 1, 2020 to make their election. All employees elected to be transferred into the new plan, and the old plan (RHCP Plan) is closed to new entrants. Please refer to Note 11 for details of the MERS Health Care Savings Program.

Benefits Provided

The Library pays a certain percentage of premium costs of coverage for postemployment health benefits for certain retirees who were full time, as well as reimburses a portion of the retirees' Medicare premiums. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

Employees Covered by Benefit Terms

The following members were covered by the benefit terms at June 30, 2021:

	RHCP
Plan members and spouses currently receiving benefits	19
Plan members entitled but not yet receiving benefits	0
Active plan members	0
Total members covered by the plan	19

Contributions

The Library has elected to pay retiree health costs on a "pay-as-you-go" basis, but has also elected to make additional contributions at the discretion of management. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2021, the Library made payments for postemployment health benefit premiums of $169,615. Retirees contributed $0 for postemployment health benefit premiums, therefore, the Library's net cost was $169,615.

Net OPEB Liability (Asset)

The Library has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability (asset). The June 30, 2021 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021.

10) OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) – RHCP (Continued)

Net OPEB Liability (Asset) (Continued)

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

Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2020	$ 1,740,777	$ 1,935,823	$ (195,046)
Changes for the year:			
Service Cost	-	-	-
Interest	115,917	-	115,917
Differences between expected			-
and actual experience	(184,703)	-	(184,703)
Changes in Actuarial Assumptions	(25,891)	-	(25,891)
Contributions - Employer	-	169,615	(169,615)
Net Investment Earnings	-	544,146	(544,146)
Benefit Payments, Including Refunds	(169,615)	(169,615)	-
Administrative Expenses	-	(4,002)	4,002
Other	-	-	-
Net Changes	(264,292)	540,144	(804,436)
Balance at June 30, 2021	$ 1,476,485	$ 2,475,967	$ (999,482)

The plan's fiduciary net position represents 167.7 % of the total OPEB liability.

For the year ended June 30, 2021, the Library recognized OPEB expense of $283,837.

At June 30, 2021, 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	$ -	$ (63,775)
Change in assumptions	17,383	(21,954)
Net difference between projected and actual earnings on OPEB plan investments	-	(244,599)
Total	$ 17,383	(330,328)
Net		$ (312,945)

10) OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) – RHCP (Continued)

Net OPEB Liability (Asset) (Continued)

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

Year Ending June 30	Amount
2022	$ (57,795)
2023	(55,552)
2024	(70,264)
2025	(87,930)
2026	(6,175)
Thereafter	(35,229)
Total	$ (312,945)

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 2.5%; assumed salary increases of 0% (as there are no active participants); an investment rate of return (net of investment expenses) of 7.0%; a healthcare cost trend rate of 6.00% for 2021, decreasing 0.25% per year to an ultimate rate of 4.5% for 2027; and using the Pub-2010 mortality tables with the MP-2019 improvement scale. Participation rates were not included as a key assumption for the Library. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0%. 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.

10) OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) – RHCP (Continued)

Net OPEB Liability (Asset) (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2021 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	60.00%	5.25%
Global Fixed Income	20.00%	1.25%
Private Investments	20.00%	7.25%

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

The following presents the net OPEB asset of the Library, calculated using the discount rate of 7.0%, as well as what the Library's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate	Net OPEB Liability (Asset)
Current Rate	7.0%	$ (999,482)
1% Decrease	6.0%	(902,793)
1% Increase	8.0%	(1,103,777)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB asset of the Library, calculated using the healthcare cost trend rate of 7.0 %, as well as what the Library's net OPEB (asset) liability would be if it were calculated using a healthcare cost trend rate that is 1 % point lower or 1 % point higher than the current rate:

	Healthcare Cost Trend Rate	Net OPEB Liability (Asset)
Current Rate	7.0%	$ (999,482)
1% Decrease	6.0%	(1,085,793)
1% Increase	8.0%	(924,569)

Rate of Return

For the year ended June 30, 2021, the annual weighted rate of return on OPEB Plan investments, net of OPEB Plan investment expense, was 13.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

10) OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) – RHCP (Continued)

Net OPEB Liability (Asset) (Continued)

OPEB Plan Fiduciary Net Position

The financial statements of the OPEB Plan are included in these financial statements as an other employee benefit trust fund (a Fiduciary Fund). For the purpose of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

There were some modifications to the assumptions, such as updates to municipal bond rate and minimum rate, though changes did not affect the measurement of the total OPEB liability. The trend rates were also updated.

11) DEFINED CONTRIBUTION OTHER POST-RETIREMENT BENEFITS (OPEB) - HCSP

During the year ended June 30, 2017, the Library began the MERS Health Care Savings Program (HCSP). This is a defined contribution plan administered by MERS. All full-time employees hired after December 2013 and employees who were full time as of December 2013 who elected to waive their eligibility in the defined benefit plan are eligible for the plan after completing 90 days of service. The plan provides that the Library will contribute 5 % of eligible employees' gross wages to the plan. Employees participating in the plan are required to contribute 3 % of gross wages.

During the year ended June 30, 2021, the Library made contributions of approximately $84,000, and the plan members contributed approximately $50,000 to the plan. Forfeitures during 2021 were $28,279, and contributions withheld from employees but not yet remitted to the plan totaled $0 as of June 30, 2021.

12) RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past year.

The Library maintains a self-insured plan for dental, optical and hearing impairment medical devices. The Library reimburses each employee for 75 % of claims up to a maximum of $2,000 out-of-pocket expense. Therefore, the maximum cost to the Library is $1,500 per full-time employee. Total claims expense for the year ended June 30, 2021 amounted to $16,230. There was no liability for unpaid claims at June 30, 2021.

13) RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's general fund differ from the net position and change in the net position of the governmental activities reported in the statement of net position and statement of activities. This difference results primarily from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the fund balance sheet and statement of revenue, expenditures, and changes in fund balance.

The following is a reconciliation of fund balance to net position and the net change in fund balance to the net change in net position:

Total Fund Balance- Modified Accrual Basis	$	7,709,034
Amounts Reported in the Statement of Net Position are different because :		
Capital Assets are not Financial Resources and are not included in the Funds		10,294,548
Net Pension Liability is not due and payable in the current period and not reported in the Funds		(1,399,733)
Net OPEB Asset is not due and payable in the current period and is not reported in the Fund		999,482
Some employee fringe benefits are payable over a period of years and do not represent a claim on current financial resources		
Employee compensated absences		(190,053)
Pension benefits		(203,582)
OPEB benefits		(312,945)
Net Position - Full Accrual Method	$	16,896,751
Total Net Change in Fund Balance-Modified Accrual Basis	$	1,282,936
Amounts Reported in the Statement of Activities are different because:		
Capital Outlays are reported as Expenditures in the Statement of Revenue, Expenditures, and Changes in Fund balance; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized Assets		554,279
Depreciation Expenses		(1,003,295)
Changes in the net pension liability and the deferred inflows/outflows related to pension are not included in the governmental funds		(570,546)
Change in net OPEB asset and the deferred inflows/outflows related to OPEB are not included in the government funds		453,452
Changes in compensated absences expense reported in the statement of activities, do not require the use of Financial Resources and therefore not reported in the fund statements until due for payment		39,867
Change in Net Position-Full Accrual Method	$	756,693

14) UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued 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 were previously 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 are effective for the Library's financial statements for the year ending June 30, 2022.

15) SUBSEQUENT EVENTS

Subsequent events were evaluated through October 12, 2021, which is the date the financial statements were available to be issued. No issues which could have a material effect on these financial statements have come to our attention.

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplemental Information
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Property Taxes	$ 5,915,221	$ 5,921,421	$ 5,988,472	$ 67,051
Intergovernmental - State of Michigan	563,490	563,490	553,211	(10,279)
Memorials and Gifts	91,750	73,700	9,829	(63,871)
Fines and Fees	95,665	7,550	6,210	(1,340)
Investment Income	40,635	3,530	2,782	(748)
Other Income	42,865	24,145	39,344	15,199
Total Revenue	6,749,626	6,593,836	6,599,848	6,012
EXPENDITURES - CURRENT				
General Government:				
Salaries and Wages	2,916,469	2,529,130	2,202,336	326,794
Fringe Benefits	1,123,925	871,230	769,990	101,240
Facilities and Equipment:				
Professional Services	200,000	650,000	605,751	44,249
Repairs and Maintenance	396,045	408,500	379,201	29,299
Utilities	236,000	251,250	236,001	15,249
Administrative:				
TLN/Internet	20,000	30,000	25,589	4,411
Insurance	74,000	71,620	69,543	2,077
Automation-related Expenditures	50,000	70,000	-	70,000
Other Operating Expenses	305,715	267,970	247,304	20,666
Capital Outlay:				
Building and Building Improvements	120,000	300,000	180,575	119,425
Furniture and Equipment	195,000	280,525	49,898	230,627
Vehicles	30,000	1,050	522	528
Books, Periodicals, and Library Materials	694,100	642,435	548,887	93,548
Total Expenditures	6,361,254	6,373,710	5,315,597	1,058,113
Excess of Revenue Over Expenditures	388,372	220,126	1,284,251	1,064,125
Other Financing Sources (Uses)				
Transfers Out	-	(220,126)	(220,126)	-
Total other Financing Sources (Uses)	-	(220,126)	(220,126)	-
Net Change in Fund Balance	388,372	-	1,064,125	1,064,125
Fund Balance - June 30, 2020	2,718,376	2,718,376	3,990,794	1,272,418
Fund Balance - June 30, 2021	$ 3,106,748	$ 2,718,376	$ 5,054,919	$ 2,336,543

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Seven Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 18,659	$ 29,352	$ 45,101	$ 43,411	$ 47,854	$ 50,467	$ 69,020
Interest	696,866	702,172	697,226	684,396	672,471	658,154	641,068
Differences between Expected and Actual Experience	105,807	120,844	42,265	110,296	43,333	(226,852)	-
Changes of Assumptions	560,322	278,720	-	-	-	503,123	-
Benefit Payments, Including Refunds of Contributions	(758,928)	(708,258)	(721,532)	(635,651)	(589,089)	(521,543)	(465,885)
Net Change in Total Pension Liability	622,726	422,830	63,060	202,452	174,569	463,349	244,203
Total Pension Liability - Beginning of Year	9,539,417	9,116,587	9,053,527	8,851,075	8,676,506	8,213,157	7,968,954
Total Pension Liability - End of Year	$ 10,162,143	$ 9,539,417	$ 9,116,587	$ 9,053,527	$ 8,851,075	$ 8,676,506	$ 8,213,157
Plan Fiduciary Net Position							
Contributions - Employer	$ 79,128	$ 244,380	$ 12,420	$ -	$ -	$ 2,069,513	$ 125,448
Contributions - Employee	5,839	10,896	14,852	14,354	14,391	20,516	23,933
Net Investment Income (Loss)	999,125	1,051,965	(327,107)	1,088,833	904,095	(93,328)	412,809
Administrative Expense	(16,494)	(18,142)	(16,775)	(17,297)	(17,861)	(14,631)	(15,108)
Benefit Payments, Including Refunds of Contributions	(758,928)	(708,258)	(721,532)	(635,651)	(589,089)	(521,543)	(465,885)
Net Change in Plan Fiduciary Net Position	308,670	580,841	(1,038,142)	450,239	311,536	1,460,527	81,197
Plan Fiduciary Net Position - Beginning of Year	8,453,740	7,872,899	8,911,041	8,460,802	8,149,266	6,688,739	6,607,542
Plan Fiduciary Net Position - End of Year	$ 8,762,410	$ 8,453,740	$ 7,872,899	$ 8,911,041	$ 8,460,802	$ 8,149,266	$ 6,688,739
Library's Net Pension Liability Ending	$ 1,399,733	$ 1,085,677	$ 1,243,688	$ 142,486	$ 390,273	$ 527,240	$ 1,524,418
Plan Fiduciary Net Position as a % of Total Pension Liability	86.23%	88.62%	86.36%	98.43%	95.59%	93.92%	81.44%
Covered Payroll	182,334	272,121	413,991	401,541	442,696	468,661	631,821
Library's Net Pension Liability as a % of Covered Payroll	767.68%	398.97%	300.41%	35.48%	88.16%	112.50%	241.27%

The table is being built prospectively from adoption of GASB 68. GASB effective date is June 2014.

Required Supplemental Information
Schedule of Pension Contributions
Year Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	$ 79,128	$ 41,358	$ 12,420	$ -	$ -	$ 96,492	$ 149,892	$ 101,004	$ 78,732	$ 70,380
Actual contribution in relation to the actuarially determined contribution	79,128	244,380	12,420	-	-	1,994,567	149,892	101,004	78,732	70,380
Contribution Surplus (Deficiency)	$ -	$ 203,022	$ -	$ -	$ -	$ 1,898,075	$ -	$ -	$ -	$ -
Covered Payroll	$ 182,334	$ 272,121	$ 413,991	$ 401,541	$ 442,696	$ 468,661	$ 631,821	$ 706,875	$ 837,518	$ 851,661
Contributions as a % of Covered Payroll	43.43%	89.81%	3.00%	0%	0%	425.59%	23.72%	14.29%	9.40%	8.26%

Notes to Schedule:

Actuarial valuation information relative to the determination of contributions:

Valuation date: Actuarially determined contribution rates are calculated as of December 31, 2018, six months 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:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	10 years
Asset valuation method:	Five-year smoothed
Inflation:	2.50 %
Salary increases:	3.75 %
Investment rate of return:	7.75 % (net of administrative and investment expenses)
Retirement age:	50-70 years
Mortality:	The valuation incorporates fully generational mortality. The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male 50% Female blend of the following tables 1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105% 2. The RP-2014 Employee Mortality Tables 3. The RP-2014 Juvenile Mortality Tables For ages 0-17 the rates used are in Table 3; for ages 18-49 the rates used are in Table 2; for ages 70 and older the rates used are in Table 1; and for ages 50-69 the rates are blended as follows: a. Age 50, use 60% of Table 2 and 40% of Table 1 b. Age 51, use 57% of Table 2 and 43% of Table 1 c. Etc. … d. Age 69, use 3% of Table 2 and 97% of Table 1 The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Femail blend of the RP-2014 Disabled Retiree Mortality Tables.
Other Information:	The mortality assumptions include a 10% margin for future mortality improements, relative to the actual mortality experience seen in the 2009-2013 Experience Study

Required Supplemental Information
Schedule of Changes in the
Net OPEB Asset/Liability and Related Ratios
Year Ended June 31

	2021	2020	2019	2018
Total OPEB Liability				
Interest	$ 115,917	$ 120,734	$ 126,746	$ 128,491
Differences Between Expected and Actual Experience	(184,703)	-	(79,401)	-
Changes in Actuarial Assumptions	(25,891)	(25,755)	22,431	-
Benefit Payments, Including Refunds of Contributions	(169,615)	(157,960)	(153,367)	(153,452)
Net Change in Total OPEB Liability	(264,292)	(62,981)	(83,591)	(24,961)
Total OPEB Liability - Beginning of Year	1,740,777	1,803,758	1,887,349	1,912,310
Total OPEB Liability - End of Year	$ 1,476,485	$ 1,740,777	$ 1,803,758	$ 1,887,349
Plan Fiduciary Net Position				
Contributions - Employer	$ 169,615	$ 157,960	$ 193,367	$ 194,614
Net Investment Income (Loss)	544,146	44,203	54,044	127,350
Administrative Expense	(4,002)	(3,468)	-	-
Benefit Payments, Including Refunds of Contributions	(169,615)	(157,960)	(153,367)	(153,452)
Other	-	-	(3,849)	(4,176)
Net Change in Plan Fiduciary Net Position	540,144	40,735	90,195	164,336
Plan Fiduciary Net Position - Beginning of Year	1,935,823	1,895,088	1,804,893	1,640,557
Plan Fiduciary Net Position - End of Year	$ 2,475,967	$ 1,935,823	$ 1,895,088	$ 1,804,893
Library's Net OPEB (Asset)Liability Ending	$ (999,482)	$ (195,046)	$ (91,330)	$ 82,456
Plan Fiduciary Net Position as a % of Total OPEB (Asset)Liability	167.69%	111.20%	105.06%	95.63%
Covered Employee Payroll	-	-	-	-

The table is being built prospectively from adoption of GASB 75. GASB effective date is for fiscal years beginning after June 15, 2017.

Required Supplemental Information
Schedule of OPEB Contributions
Year Ended June 30

	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ -	$ -	$ 6,645	$ 41,162
Actual contribution in relation to the actuarially determined contribution	169,615	157,960	193,367	194,614
Contribution Surplus (Deficiency)	$ 169,615	$ 157,960	$ 186,722	$ 153,452
Covered Employee Payroll	$ -	$ -	$ -	$ -

The table is being built prospectively from adoption of GASB 75. GASB effective date is for fiscal years beginning after June 15, 2017.

Notes to Schedule:

Actuarial valuation information relative to the determination of contributions:

Valuation date: Actuarially determined contribution rates are calculated as of June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar (closed plans) or level percentage of pay (open plans) over a closed 30-year period
Remaining amortization period:	30 years
Asset valuation method:	Five-year smoothed
Inflation:	2.50 %
Healthcare cost trend rates	6.00% initially, then annually reduced by .25% to 4.5% in 6 years
Salary increases:	N/A, no active participants
Investment rate of return:	7.00 %
Retirement age:	65 years
Mortality:	1. Healthy retirees. Pub-2010 General Retiree mortality table scaled by 106%, for males and females. 2. Future mortality improvements using Scape MP-2019 projected fully-generationally from the centra year of data, 2010.
Other Information:	None

Required Supplemental Information
Schedule of OPEB Investment Returns
Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	13.39%	13.35%	-4.04%	13.20%	10.58%	-1.23%	6.33%

Years 2012 - 2014 not available

1) BUDGETARY INFORMATION

The annual budget is prepared by the Library's director and submitted to the Library's board for its approval; subsequent amendments are also submitted to the Library's board for approval. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2021 has not been determined. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted by the library's board and the Farmington Community Library is included in the required supplemental information.

2) PENSION

Changes in Assumptions - Pension

In February 2020 the actuary modified significant assumptions that affect the measurement of the total pension liability. A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions are effective for contributions beginning in 2022.

In Feb 2019 the actuary modified significant assumptions that affect the measurement of the total pension liability. The actuary adjusted the assumed annual investment rate of return from 7.75% to 7.35%. The investment interest used in calculation investment income is 8.0% (7.75% plus .25% admin fee), which was the rate at the beginning of the measurement year. Also, the rate of wage inflation reduced from 3.75% to 3.00%. These changes are effective for contributions beginning in 2021.

Changes in Assumptions – OPEB

During the year ended June 30, 2021, the actuary modified some assumptions, though changes did not affect the measurement of the total OPEB liability.

The Municipal Bond Rate decreased from 2.66% to 2.18%. However, this did not impact the actuarial valuation results as contributions are expected to be sufficient to pay benefits from the trust.

The Minimum Rate decreased from 3.50% to 2.20%. However, this did not impact the actuarial valuation results as contributions are expected to be sufficient to pay benefits from the trust.

The trend rates were updated.

2) PENSION (Continued)

Changes in Assumptions – OPEB (Continued)

During the year ended June 30, 2019, the actuary modified significant assumptions that affect the measurement of the total OPEB liability. The mortality tables used were updated from RP-2014 to Pub-2010 mortality tables. The generational project scale on the mortality tables was updated from the MP-2018 to the MP-2019. The estimated impact of Healthcare Reform was removed from that valuation.

There were no changes in actuarial methods since the prior valuation.