Farmington Community Library

Financial Report
with Supplemental Information
June 30, 2019

Contents

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Independent Auditor's Report

To the 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 Farmington Community Library (the "Library") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Farmington Community 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 Farmington Community Library as of June 30, 2019 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Farmington Community Library

Other Matter

Required Supplemental 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

September 25, 2019

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, 2019. 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 $16.8 million, and net position amounted to $15.7 million, an increase in net position of approximately $121,000 from the fiscal year ended June 30, 2018.
- During the year, the library-wide governmental activity revenue generated in taxes and other revenue was approximately $416,000 more than expenses for library operations.
- General Fund revenue exceeded expenditures by approximately $396,000. In addition, total General Fund revenue increased by $131,000 and General Fund expenditures decreased by $82,000 compared to fiscal year 2018. Fund balance in the General Fund increased from $2,685,142 to $2,718,376.

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 (like the Employee Benefit Fund) 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.

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 $15,735,327 at the close of the most recent fiscal year.

The Library's Net Position

	Governmental Activities	
	2018	2019
Assets		
Current and other assets	$ 4,935,768	$ 5,605,561
Capital assets	11,574,776	11,238,617
Total assets	16,510,544	16,844,178
Deferred Outflows of Resources	-	795,256
Liabilities		
Current liabilities	235,268	397,418
Noncurrent liabilities	440,418	1,426,514
Total liabilities	675,686	1,823,932
Deferred Inflows of Resources	220,294	80,175
Net Position		
Net investment in capital assets	11,574,776	11,238,617
Restricted	320,351	321,962
Unrestricted	3,719,437	4,174,748
Total net position	**$ 15,614,564**	**$ 15,735,327**

The Library's combined net position as of June 30, 2019 is approximately $15,735,000. In comparison, last year's net position was approximately $15,615,000, an increase of approximately $121,000. The increase was due primarily to an increase in property taxes and other revenue.

The Library's Changes in Net Position

	Governmental Activities	
	2018	2019
Revenue		
Taxes	$ 5,485,015	$ 5,636,826
Intergovernmental	624,106	578,579
Memorials and gifts	99,839	112,014
Fines	58,344	54,227
Investment earnings	12,313	38,657
Other revenue	97,566	102,969
Total revenue	6,377,183	6,523,272
Expenses		
General government	3,835,630	4,155,083
Facilities and equipment	1,623,382	1,618,000
Administrative	125,236	123,044
Other operating expenses	268,492	238,457
Capital outlay	355,506	267,925
Total expenses	6,208,246	6,402,509
Excess of Revenue Over Expenses	168,937	120,763
Other Financing Sources (Uses)		
Transfers in	205,000	362,378
Transfers out	(205,000)	(362,378)
Net Change in Net Position	168,937	120,763
Net Position - Beginning of year	15,738,530	15,614,564
Cumulative Effect of Change in Accounting	(292,903)	-
Net Position - Beginning of year, as adjusted	15,445,627	15,614,564
Net Position - End of year	**$ 15,614,564**	**$ 15,735,327**

Total revenue increased approximately $146,000 or 2.3 percent from last year, mainly as a result of an increase in property tax revenue. Total expenditures for the Library increased approximately $194,000 or 3.1 percent. The increase in overall spending was due to much needed improvements to the electrical service at the branch and lighting and security system enhancements at both locations.

General Fund Budgetary Highlights

The board of trustees authorized the replacement of an electrical panel at the Liberty Street branch. This project was completed on time and on budget. The project revealed other building issues that were addressed to improve storm water diversion and drainage in order to prevent flooding in the lower level of the branch.

The board of trustees also approved improvements to emergency lighting and the security systems at both locations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the Library had invested $11,238,617 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 $0 in bonds and notes 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 (0.9787 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 (0.5730 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.

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

- In fiscal year 2018-2019, the Library received a $9,800 grant from Bosch Company, administered through the Friends, which helped to purchase STREAM (Science, Technology, Reading, Engineering, Arts, and Math) materials.
- The Farmington/Farmington Hills Special Services Activity Guide, which promotes 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, Songwriter Sunday Jazz series, and Summer Reading.
- "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 Farmington Library. This important reading initiative continues, with over 1,600 young participants having registered for the program.
- The board of trustees approved updates to and installation of new emergency lighting at both library locations. The projects were completed by Johnson Controls on time and on budget.
- The board of trustees also authorized the replacement of a major electrical panel at the Farmington branch on Liberty Street. This project also included masonry work to repair the leaks in the foundation wall at the former electrical panel, as well as rerouting of some drains/plumbing to prevent rainwater accumulation from flooding the lower level. This project was completed on time and slightly over budget. The overage was attributed to additional work outside the original scope that was authorized in anticipation of the 2019-2020 projects. Dan Boise Mechanical and Custom Masonry completed these projects.
- Technological improvements included new public computers at the main library, updates to staff machines bringing them to Windows 10, replacing end-of-life vending units for payment at copy machines, and the creation of a staff Wi-Fi network for purposes of outreach demonstration and presentation, as well as in anticipation of Polaris LEAP.
- The Library's project to upgrade security for staff and patrons was completed with the installation of duress buttons and perimeter door alarms at the Farmington Liberty Street branch.

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 $41,162 to the defined benefit funding of the Retiree Health Care Plan, 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, 2019.

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. The new plan reduced the Library's cost to $40,000 in 2018-2019. 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 2018-2019 included the replacement and relocation of an electrical panel at the Farmington branch, installation and upgrades of the emergency lighting at both locations, and rooftop HVAC unit replacements and repairs.

Next Year's Budget

Plans for 2019-2020 include the following:

- Vehicle acquisition
- Installation of backup generator and sump pumps at the Farmington branch
- Landscaping improvements
- Further end-of-life computer and server updates
- Polaris (integrated library system for storing patron and inventory details) upgrade to accommodate the introduction of new Polaris LEAP software
- Development of a dedicated “teen space” and additional areas for group study and collaboration

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.

Economic forecasts for 2019-2020 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.
- Continue to implement the strategies outlined in the Library Strategic Plan to meets its goals. The Library looks to engage stakeholders by increasing community partnerships, responding to the rapidly changing technological needs of its patrons and marketing to nonusers. 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.

Balance Sheet/Statement of Net Position

June 30, 2019

	Modified Accrual					
	Major General Fund	Major Capital Reserve Fund	Nonmajor Endowment Special Revenue Fund	Total	Adjustments (Note 2)	Statement of Net Position - Full Accrual
Assets						
Cash and cash equivalents (Note 3)	$ 2,935,346	$ 2,053,084	$ -	$ 4,988,430	$ -	$ 4,988,430
Investments (Note 3)	-	-	345,353	345,353	-	345,353
Receivables	27,517	-	-	27,517	-	27,517
Due from other governmental agencies	12,223	-	-	12,223	-	12,223
Prepaid expenses and other assets	140,708	-	-	140,708	-	140,708
Net OPEB asset (Note 10)	-	-	-	-	91,330	91,330
Capital assets: (Note 5)						
Assets not subject to depreciation	-	-	-	-	293,459	293,459
Assets subject to depreciation - Net	-	-	-	-	10,945,158	10,945,158
Total assets	3,115,794	2,053,084	345,353	5,514,231	11,329,947	16,844,178
Deferred Outflows of Resources						
Deferred pension costs (Note 8)	-	-	-	-	715,657	715,657
Deferred OPEB costs (Note 10)	-	-	-	-	79,599	79,599
Total deferred outflows of resources	-	-	-	-	795,256	795,256
Total assets and deferred outflows of resources	**$ 3,115,794**	**$ 2,053,084**	**$ 345,353**	**$ 5,514,231**	12,125,203	17,639,434
Liabilities						
Accounts payable	$ 201,493	$ -	$ -	$ 201,493	-	201,493
Accrued liabilities and other	195,925	-	-	195,925	-	195,925
Noncurrent liabilities:						
Due within one year (Note 6)	-	-	-	-	146,261	146,261
Due in more than one year:						
Compensated absences (Note 6)	-	-	-	-	36,565	36,565
Net pension liability (Note 8)	-	-	-	-	1,243,688	1,243,688
Total liabilities	397,418	-	-	397,418	1,426,514	1,823,932
Deferred Inflows of Resources - Related to OPEB (Note 10)	-	-	-	-	80,175	80,175
Total liabilities and deferred inflows of resources	397,418	-	-	397,418	1,506,689	1,904,107
Equity						
Fund balances:						
Nonspendable	140,708	-	-	140,708	(140,708)	-
Restricted:						
Books	202,696	-	-	202,696	(202,696)	-
DVDs	2,299	-	-	2,299	(2,299)	-
Farmington branch	12,599	-	100,000	112,599	(112,599)	-
Children services	2,700	-	-	2,700	(2,700)	-
Other	1,668	-	-	1,668	(1,668)	-
Committed:						
Future endowments	-	-	245,353	245,353	(245,353)	-
Employee fringe benefits	46,608	-	-	46,608	(46,608)	-
Assigned - Capital projects	-	2,053,084	-	2,053,084	(2,053,084)	-
Unassigned	2,309,098	-	-	2,309,098	(2,309,098)	-
Total fund balances	2,718,376	2,053,084	345,353	5,116,813	(5,116,813)	-
Total liabilities, deferred inflows of resources, and fund balances	**$ 3,115,794**	**$ 2,053,084**	**$ 345,353**	**$ 5,514,231**		
Net position:						
Net investment in capital assets					11,238,617	11,238,617
Restricted:						
Books					202,696	202,696
DVDs					2,299	2,299
Farmington Branch					112,599	112,599
Children services					2,700	2,700
Other					1,668	1,668
Unrestricted					4,174,748	4,174,748
Total net position					**$ 15,735,327**	**$ 15,735,327**

See notes to financial statements.

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

Year Ended June 30, 2019

	Modified Accrual					
	Major General Fund	Major Capital Reserve Fund	Nonmajor Endowment Special Revenue Fund	Total	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue						
Taxes	$ 5,636,826	$ -	$ -	$ 5,636,826	$ -	$ 5,636,826
Intergovernmental - State of Michigan	578,579	-	-	578,579	-	578,579
Memorials and gifts	112,014	-	-	112,014	-	112,014
Fines	54,227	-	-	54,227	-	54,227
Investment earnings	17,956	11,388	9,313	38,657	-	38,657
Other revenue	102,969	-	-	102,969	-	102,969
Total revenue	6,502,571	11,388	9,313	6,523,272	-	6,523,272
Expenditures						
General government:						
Salaries and wages	3,038,734	-	-	3,038,734	(32,650)	3,006,084
Fringe benefits	1,156,958	-	-	1,156,958	(7,959)	1,148,999
Facilities and equipment:						
Professional services	61,950	-	-	61,950	-	61,950
Repairs and maintenance	310,885	-	-	310,885	-	310,885
Utilities	227,141	-	-	227,141	-	227,141
Depreciation	-	-	-	-	1,018,024	1,018,024
Administrative:						
TLN/Internet	11,291	-	-	11,291	-	11,291
Insurance	69,772	-	-	69,772	-	69,772
Automation-related expenditures	41,981	-	-	41,981	-	41,981
Other operating expenditures	238,457	-	-	238,457	-	238,457
Capital outlay:						
Capital improvements	331,932	-	-	331,932	(273,776)	58,156
Books, periodicals, and library materials	617,858	-	-	617,858	(408,089)	209,769
Total expenditures	6,106,959	-	-	6,106,959	295,550	6,402,509
Other Financing Sources (Uses)						
Transfers in	-	362,378	-	362,378	-	362,378
Transfers out	(362,378)	-	-	(362,378)	-	(362,378)
Total other financing (uses) sources	(362,378)	362,378	-	-	-	-
Net Change in Fund Balances/Net Position	33,234	373,766	9,313	416,313	(295,550)	120,763
Fund Balances/Net Position - Beginning of year	2,685,142	1,679,318	336,040	4,700,500	10,914,064	15,614,564
Fund Balances/Net Position - End of year	**$ 2,718,376**	**$ 2,053,084**	**$ 345,353**	**$ 5,116,813**	**$ 10,618,514**	**$ 15,735,327**

See notes to financial statements.

Statement of Fiduciary Assets and Liabilities

June 30, 2019

		Metro Net Agency
Assets		
Cash and cash equivalents	$	3,993
Receivables		12,959
Total assets	**$**	**16,952**
Liabilities		
Due to other governmental units	$	12,223
Accrued liabilities and other		4,729
Total liabilities	**$**	**16,952**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

Farmington Community Library (the "Library") was established in 1956 and serves the Farmington communities through two libraries located in Farmington and Farmington Hills. The Library is governed by an appointed eight-member board of trustees. 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 accompanying financial statements present the Library and its component units, entities for which the Library is considered to be financially accountable. There are no component units for the Library.

Accounting and Reporting Principles

The Library follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Library:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Accounting

The Library accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Library to show the particular expenditures for which specific revenue is used. The various funds are aggregated into two broad fund types:

<u>Governmental Funds</u>

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue fund, and capital project fund. The Library reports the following funds as “major” governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services, other than those specifically assigned to another fund.

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

Note 1 - Significant Accounting Policies (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.

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 government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

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

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Library considers amounts collected within 60 days of year end to be available for recognition.

The 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.

Specific Balances and Transactions

Bank Deposits and Investments

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

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.

Note 1 - Significant Accounting Policies (Continued)

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, vehicles, and books, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Capital Asset Class	Depreciable Life - Years
Buildings and improvements	15-39
Vehicles	5
Books and other resources	10
Equipment and furniture	3-7

Deferred Outflows/Inflows of Resources

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

The Library reports deferred outflows related to the pension and OPEB plans, as described in Notes 8 and 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Library reports deferred inflows related to the OPEB plan, as described in Note 10.

Net Position

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

Note 1 - Significant Accounting Policies (Continued)

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 fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

As of June 30, 2019, the Library had $2,309,098 in unassigned fund balance in the General Fund. Of this amount, $173,945 is gift funds. This $173,945 of unassigned gift funds combined with the $221,962 of restricted gift funds leaves a total of $395,907 in the Library's gift account at year end.

Note 1 - Significant Accounting Policies (Continued)

Endowment Special Revenue Fund

The 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.

Property Tax Revenue

Property taxes attach as an enforceable lien on property as of December 31 each year. Library taxes, levied and immediately due on July 1, are collected by the cities of Farmington and Farmington Hills, Michigan without penalty through September 15 and with penalty thereafter. Library property tax revenue is recognized as revenue in the fiscal year levied to the extent that it is budgeted and available for the financing of operations.

The 2018 taxable valuation of the library communities totaled 3.633 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which taxes levied consisted of 1.5517 mills for operating purposes. One operating mill of 0.9787 expires in the year 2024, while the other 0.5730 mills expire in 2032. This resulted in $5,636,826 for operating collections, net of Michigan Tax Tribunal adjustments, which is recognized in the General Fund.

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 percent 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 percent 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.

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.

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

Library employees have a vested right to receive payment 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.

Use of Estimates

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

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Library is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Library's financial statements for the year ending June 30, 2020.

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, 2021.

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund columns because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Fund Balances Reported in Governmental Funds	$ 5,116,813
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	11,238,617
Net OPEB asset is not due and payable in the current period and is not reported in the funds	91,330
Net pension liability is not due and payable in the current period and is not reported in the funds	(1,243,688)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(182,826)
Pension benefits	715,657
Retiree healthcare benefits	(576)
Net Position of Governmental Activities	**$ 15,735,327**

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

Net Change in Fund Balances Reported in Governmental Funds	$ 416,313
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,018,024)
Capital outlay	681,865
Changes in the net OPEB asset and the deferred inflows/outflows related to OPEB are not included in governmental funds	182,184
Changes in the net pension liability and the deferred inflows/outflows related to the pension are not included in governmental funds	(174,225)
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	32,650
Change in Net Position of Governmental Activities	**$ 120,763**

Note 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. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, 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 investments are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. 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 had $752,731 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library does not have a policy for custodial credit risk. At June 30, 2019, 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	$ 2,187	Counterparty
Governmental security fixed-income mutual funds	64,469	Counterparty
Money market	278,697	Counterparty
Total	$ 345,353	

Interest Rate Risk

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

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

Primary Government	Fair Value	6-10 Years
Fixed-income security pool	$ 64,469	$ 64,469

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of June 30, 2019, 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	$ 64,469	Not rated	N/A
Bank investment pool	4,003,853	A-2	S&P

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. None of the Library's investments are concentrated in any one issuer more than 5 percent.

Note 4 - Fair Value Measurements

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. 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 whereby 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.

Investments in Entities that Calculate Net Asset Value per Share

The Library holds shares or interests in investment companies whereby 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, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
U.S. government fixed income	$ 345,353	$ -	N/A	None
Bank investment pool	4,003,853	-	N/A	None
Total investments measured at NAV	$ 4,349,206	$ -		

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 percent for fair value.

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated:				
Artwork	$ 163,049	$ -	$ -	$ 163,049
Land	130,410	-	-	130,410
Subtotal	293,459	-	-	293,459
Capital assets being depreciated:				
Buildings and sites	17,446,548	135,370	-	17,581,918
Furniture and equipment	3,050,629	138,406	(24,234)	3,164,801
Books	5,479,233	408,089	(526,281)	5,361,041
Vehicles	61,003	-	-	61,003
Subtotal	26,037,413	681,865	(550,515)	26,168,763
Accumulated depreciation:				
Buildings and sites	8,803,748	398,007	-	9,201,755
Furniture and equipment	2,250,544	212,423	(24,234)	2,438,733
Books	3,653,562	405,437	(526,281)	3,532,718
Vehicles	48,242	2,157	-	50,399
Subtotal	14,756,096	1,018,024	(550,515)	15,223,605
Net capital assets being depreciated	11,281,317	(336,159)	-	10,945,158
Net capital assets	$ 11,574,776	$ (336,159)	$ -	$ 11,238,617

Note 6 - Compensated Absences

Compensated absence activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	$ 215,476	$ 212,941	$ (245,591)	$ 182,826	$ 146,261

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

Note 7 - Interfund Receivables, Payables, and Transfers

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Reserve Fund	$ 362,378

The transfer from the General Fund to the Capital Reserve Fund represents the use of unrestricted resources to finance programs, in accordance with budgetary authorizations.

Note 8 - Agent Defined Benefit Pension Plan

Plan Description

The Library participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS 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.mersofmichigan.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.

Retirement benefits for employees are calculated as credited service at the time of membership termination multiplied by 2.0 percent 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 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 percent of the employee's FAC. Benefits for a nonduty death are 85 percent 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, noncompounding.

Employees Covered by Benefit Terms

At the December 31, 2018 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	7
Total employees covered by MERS of Michigan	39

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.

Note 8 - Agent Defined Benefit Pension Plan (Continued)

The plan has two classes of employees. One class is not required to make contributions. The other class is required to contribute 5 percent of gross wages; for the fiscal year ended June 30, 2019, the contribution was $14,852.

Employer contributions for the year ended June 30, 2019 totaled $149,840. The changes in net pension liability table shown below uses the calendar year from January 1, 2018 through December 31, 2018 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, 2019 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, 2018 measurement date. The December 31, 2018 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, 2017	$ 9,053,527	$ 8,911,041	$ 142,486
Changes for the year:			
Service cost	45,101	-	45,101
Interest	697,226	-	697,226
Differences between expected and actual experience	42,265	-	42,265
Contributions - Employer	-	12,420	(12,420)
Contributions - Employee	-	14,852	(14,852)
Net investment loss	-	(327,107)	327,107
Benefit payments, including refunds	(721,532)	(721,532)	-
Administrative expenses	-	(16,775)	16,775
Net changes	63,060	(1,038,142)	1,101,202
Balance at December 31, 2018	$ 9,116,587	$ 7,872,899	$ 1,243,688

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2019, the Library recognized pension expense of $324,062.

At June 30, 2019, the Library reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 578,237
Employer contributions to the plan subsequent to the measurement date	137,420
Total	$ 715,657

Note 8 - Agent Defined Benefit Pension Plan (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):

Years Ending June 30	Amount
2020	$ 201,485
2021	59,636
2022	114,807
2023	202,309

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases in the long term of 3.75 percent, and an investment rate of return (net of investment expenses including inflation) of 8.0 percent.

Mortality rates were based on a blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP-2014 Employee Mortality Tables, and RP-2014 Juvenile Mortality Tables, all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table with a 50 percent male and 50 percent female blend is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2018 measurement date, for each major asset class, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

Note 8 - Agent Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the Library, calculated using the discount rate of 8.0 percent, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the Library	$ 2,033,495	$ 1,243,688	$ 555,506

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.

Note 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 percent 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, 2019, employer contributions to the plan were $103,737, and employee contributions to the plan were $14,193.

Note 10 - Other Postemployment Benefit Plan - 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.

Note 10 - Other Postemployment Benefit Plan - RHCP (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 have until January 1, 2020 to make their election. As of June 30, 2018, all active employees have elected to be transferred into the new plan, and the 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, 2019:

	Retiree Health Care Plan
Plan members and spouses currently receiving benefits	21
Plan members entitled to but not yet receiving benefits	-
Active plan members	-

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, 2019, the Library made payments for postemployment health benefit premiums of $193,367. Retirees contributed $41,311 for postemployment health benefit premiums, reducing the Library's net cost to $152,056.

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, 2019 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2019.

Note 10 - Other Postemployment Benefit Plan - RHCP (Continued)

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

	Increase (Decrease)		
Changes in Net OPEB Liability (Asset)	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2018	$ 1,887,349	$ 1,804,893	$ 82,456
Changes for the year:			
Interest	126,746	-	126,746
Differences between expected and actual experience	(79,401)	-	(79,401)
Changes in assumptions	22,431	-	22,431
Contributions - Employer	-	193,367	(193,367)
Net investment income	-	54,044	(54,044)
Benefit payments, including refunds	(153,367)	(153,367)	-
Administrative expenses	-	(3,849)	3,849
Net changes	(83,591)	90,195	(173,786)
Balance at June 30, 2019	$ 1,803,758	$ 1,895,088	$ (91,330)

The plan's fiduciary net position represents 105.1 percent of the total OPEB liability.

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

For the year ended June 30, 2019, the Library recognized OPEB expense of $11,183.

At June 30, 2019, 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	$ -	$ (80,175)
Changes in assumptions	20,748	-
Net difference between projected and actual earnings on OPEB plan investments	58,851	-
Total	$ 79,599	$ (80,175)

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

Years Ending June 30	Amount
2020	$ 8,195
2021	8,195
2022	8,195
2023	10,439
2024	(4,274)
Thereafter	(31,326)
Total	$ (576)

Note 10 - Other Postemployment Benefit Plan - RHCP (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases of 0 percent (as there are no active participants); an investment rate of return (net of investment expenses) of 7.0 percent; a healthcare cost trend rate of 7.0 percent for 2019, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent for 2029 and later years; and using the RP-2014 mortality tables with the MP-2018 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 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

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, 2019 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
Domestic equity	22.50 %	5.53 %
International equity	12.50	6.50
Emerging market stocks	15.50	8.95
Global bond	17.00	(0.29)
Diversifying strategies	12.50	1.20
Private equity	5.00	7.36
Global real assets	13.50	4.72
Cash	1.50	(0.50)

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

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net OPEB liability (asset) of the Retiree Health Care Plan	$ 49,849	$ (91,330)	$ (216,545)

Note 10 - Other Postemployment Benefit Plan - RHCP (Continued)

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 percent, 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 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.0%)	Current Healthcare Cost Trend Rate (7.0%)	1 Percent Increase (8.0%)
Net OPEB (asset) liability of the Retiree Health Care Plan	$ (193,908)	$ (91,330)	$ 23,197

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. 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

The mortality table used to measure the total OPEB liability was updated to the RP-2014 mortality table with the MP-2018 improvement scale from the RP-2014 mortality table with the MP-2016 improvement scale. Additionally, the annual healthcare cost trend rates were updated to reflect an updated healthcare trend survey.

Note 11 - Defined Contribution Other Postemployment Benefits - 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 percent of eligible employees' gross wages to the plan. Employees participating in the plan are required to contribute 3 percent of gross wages.

During the year ended June 30, 2019, the Library made contributions of approximately $91,000, and the plan members contributed approximately $55,000 to the plan. Forfeitures during 2019 were $0, and contributions withheld from employees but not yet remitted to the plan totaled $2,887 as of June 30, 2019.

Note 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 any of the past three fiscal years.

Note 12 - Risk Management (Continued)

The Library maintains a self-insured plan for dental, optical, and hearing impairment medical claims. The Library reimburses each employee for 75 percent 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, 2019 amounted to $26,312. There was no liability for unpaid claims at June 30, 2019.

Note 13 - Joint Venture

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. These 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 agency fund.

Total Metro Net net assets held by the Library as fiscal agent at June 30, 2019 amounted to $0.

Required Supplemental Information

Farmington Community Library

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	(Unfavorable) Favorable Variance
Revenue				
Taxes	$ 5,714,289	$ 5,714,289	$ 5,636,826	$ (77,463)
Intergovernmental - State of Michigan	610,000	575,400	578,579	3,179
Memorials and gifts	125,000	102,500	112,014	9,514
Fines	60,000	52,000	54,227	2,227
Investment income	5,200	5,200	17,956	12,756
Other	106,000	102,300	102,969	669
Total revenue	6,620,489	6,551,689	6,502,571	(49,118)
Expenditures				
General government:				
Salaries and wages	3,153,907	3,020,000	3,038,734	(18,734)
Fringe benefits	1,073,365	988,167	1,156,958	(168,791)
Facilities and equipment:				
Professional services	80,000	60,000	61,950	(1,950)
Repairs and maintenance	380,000	380,000	310,885	69,115
Utilities	230,700	230,000	227,141	2,859
Administrative:				
TLN/Internet	20,000	20,000	11,291	8,709
Insurance	72,500	72,500	69,772	2,728
Automation-related expenditures	48,000	48,000	41,981	6,019
Other operating expenditures	303,225	299,122	238,457	60,665
Capital outlay:				
Capital improvements	508,342	368,072	331,932	36,140
Books, periodicals, and library materials	750,450	703,450	617,858	85,592
Total expenditures	6,620,489	6,189,311	6,106,959	82,352
Excess of Revenue Over Expenditures	-	362,378	395,612	33,234
Other Financing Uses - Transfers out	-	(362,378)	(362,378)	-
Net Change in Fund Balance	-	-	33,234	33,234
Fund Balance - Beginning of year	2,685,142	2,685,142	2,685,142	-
Fund Balance - End of year	**$ 2,685,142**	**$ 2,685,142**	**$ 2,718,376**	**$ 33,234**

See notes to required supplemental information.

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

Years Ended December 31

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 45,101	$ 43,411	$ 47,854	$ 50,467	$ 69,020
Interest	697,226	684,396	672,471	658,154	641,068
Differences between expected and actual experience	42,265	110,296	43,333	(226,852)	-
Changes in assumptions	-	-	-	503,123	-
Benefit payments, including refunds	(721,532)	(635,651)	(589,089)	(521,543)	(465,885)
Net Change in Total Pension Liability	63,060	202,452	174,569	463,349	244,203
Total Pension Liability - Beginning of year	9,053,527	8,851,075	8,676,506	8,213,157	7,968,954
Total Pension Liability - End of year	**$ 9,116,587**	**$ 9,053,527**	**$ 8,851,075**	**$ 8,676,506**	**$ 8,213,157**
Plan Fiduciary Net Position					
Contributions - Employer	$ 12,420	$ -	$ -	$ 2,069,513	$ 125,448
Contributions - Member	14,852	14,354	14,391	20,516	23,933
Net investment (loss) income	(327,107)	1,088,833	904,095	(93,328)	412,809
Administrative expenses	(16,775)	(17,297)	(17,861)	(14,631)	(15,108)
Benefit payments, including refunds	(721,532)	(635,651)	(589,089)	(521,543)	(465,885)
Net Change in Plan Fiduciary Net Position	(1,038,142)	450,239	311,536	1,460,527	81,197
Plan Fiduciary Net Position - Beginning of year	8,911,041	8,460,802	8,149,266	6,688,739	6,607,542
Plan Fiduciary Net Position - End of year	**$ 7,872,899**	**$ 8,911,041**	**$ 8,460,802**	**$ 8,149,266**	**$ 6,688,739**
Library's Net Pension Liability - Ending	**$ 1,243,688**	**$ 142,486**	**$ 390,273**	**$ 527,240**	**$ 1,524,418**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.36 %	98.43 %	95.59 %	93.92 %	81.44 %
Covered Payroll	$ 413,991	$ 401,541	$ 442,696	$ 468,661	$ 631,821
Library's Net Pension Liability as a Percentage of Covered Employee Payroll	300.41 %	35.48 %	88.16 %	112.50 %	241.27 %

The table is being built prospectively from adoption of GASB 68.

Required Supplemental Information
Schedule of Pension Contributions

Last Ten Fiscal Years

Years Ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 12,420	$ -	$ -	$ 96,492	$ 149,892	$ 101,004	$ 78,732	$ 70,380	$ 77,964	$ 48,336
Contributions in relation to the actuarially determined contribution	12,420	-	-	1,994,567	149,892	101,004	78,732	70,380	77,964	48,336
Contribution Surplus	**$ -**	**$ -**	**$ -**	**$ 1,898,075**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 413,991	$ 401,541	$ 442,696	$ 468,661	$ 631,821	$ 706,875	$ 837,518	$ 851,661	$ 845,144	$ 850,556
Contributions as a Percentage of Covered Employee Payroll	3.00 %	- %	- %	425.59 %	23.72 %	14.29 %	9.40 %	8.26 %	9.22 %	5.68 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, 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 percent
Salary increase	3.75 percent
Investment rate of return	7.75 percent (net of administrative and investment expenses)
Retirement age	55-60 years
Mortality	50 percent female/50 percent male RP-2014 blend of the following tables: 1. RP-2014 Healthy Annuity Mortality Table, with rates multiplied by 105 percent 2. RP-2014 Employee Mortality Tables 3. RP-2014 Juvenile Mortality Tables
Other information	None

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

Last Two Fiscal Years

	2019	2018
Total OPEB Liability		
Interest	$ 126,746	$ 128,491
Differences between expected and actual experience	(79,401)	-
Changes in assumptions	22,431	-
Benefit payments, including refunds	(153,367)	(153,452)
Net Change in Total OPEB Liability	(83,591)	(24,961)
Total OPEB Liability - Beginning of year	1,887,349	1,912,310
Total OPEB Liability - End of year	**$ 1,803,758**	**$ 1,887,349**
Plan Fiduciary Net Position		
Contributions - Employer	$ 193,367	$ 194,614
Net investment income	54,044	127,350
Benefit payments, including refunds	(153,367)	(153,452)
Other	(3,849)	(4,176)
Net Change in Plan Fiduciary Net Position	90,195	164,336
Plan Fiduciary Net Position - Beginning of year	1,804,893	1,640,557
Plan Fiduciary Net Position - End of year	**$ 1,895,088**	**$ 1,804,893**
Net OPEB (Asset) Liability - Ending	**$ (91,330)**	**$ 82,456**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	105.06 %	95.63 %
Covered Employee Payroll	$ -	$ -

This table is built prospectively from adoption of GASB 75

Required Supplemental Information
Schedule of OPEB Contributions

Years Ended June 30

	2018	2017
Actuarially determined contribution (ADC)	$ 6,645	$ 41,162
Contributions in relation to the actuarially determined contribution	193,367	194,614
Contributions in Excess of ADC	**$ 186,722**	**$ 153,452**

This table is built prospectively from adoption of GASB 75

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed
Inflation	2.5 percent
Healthcare cost trend rates	7.00 percent initially reduced by decrements to an ultimate rate of 4.5 percent after 11 years
Salary increase	Not applicable
Investment rate of return	7.00 percent
Retirement age	65 years
Mortality	RP-2014 separate Employee and Health Annuity Mortality Tables, with Generational Projection Scale MP-2018, for males and females
Other information	None

Budgetary Information

The Library employs the following procedures in establishing the budgetary data reflected in the financial statements:

The library director submits to the board of trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Appropriations are made on an object (line-item) basis.

The budget is legally enacted through passage of a resolution by the board of trustees.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget amounts included in the financial statements are as originally adopted or as amended by the board during the year. The legal level of budgetary control adopted by the governing body is the line item level. Individual amendments were not material in relation to the original appropriations. Appropriations unused at June 30 are not carried forward to the following year.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Library incurred line item expenditures that were in excess of the amounts budgeted for salaries and wages, fringe benefits, and professional service-related expenditures.

Pension Information

Changes in Assumptions

During the year ended June 30, 2016, the actuary modified significant assumptions that affect the measurement of the total pension liability. The actuary adjusted the assumed annual rate of return down from 8.25 percent to 8.00 percent. The mortality tables were updated from the 1994 Group Mortality Table to a blend of the RP-2014 tables.

OPEB Information

Changes in Assumptions

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 to measure the total OPEB liability was updated to the RP-2014 mortality table with the MP-2018 improvement scale from the RP-2014 mortality table with the MP-2016 improvement scale. Additionally, the annual healthcare cost trend rates were updated to reflect an updated healthcare trend survey.