Redford Township District Library

Financial Report
with Supplemental Information
March 31, 2016

Contents

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Independent Auditor's Report

To the Board of Trustees
Redford Township District Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Redford Township District Library (the "Library") as of and for the year ended March 31, 2016 and the related notes to the financial statements, which collectively comprise Redford Township District Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Trustees
Redford Township District Library

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Redford Township District Library as of March 31, 2016 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.

Emphasis of Matter

As described in Note 2 to the financial statements, during the year ended March 31, 2016, the Library adopted the new accounting guidance of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of the governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

August 5, 2016

Our discussion and analysis of Redford Township District Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended March 31, 2016. Please read it in conjunction with the Library's financial statements.

Using this Annual Report

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

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

Statement of Net Position/Statement of Activities

The following table shows, in a condensed format, the Library's net position as of March 31, 2016 and 2015:

	2016	2015
Assets		
Current assets	$ 4,566,163	$ 4,265,743
Capital assets	7,032,950	7,275,891
Total assets	11,599,113	11,541,634
Deferred Outflows of Resources	275,002	20,406
Liabilities		
Current liabilities	618,888	676,764
Long-term liabilities	5,904,695	5,751,965
Total liabilities	6,523,583	6,428,729
Net Position		
Net investment in capital assets	3,092,950	2,825,891
Restricted	807,427	741,326
Unrestricted	1,450,155	1,566,094
Total net position	**$ 5,350,532**	**$ 5,133,311**

The Library's combined net position increased 4.1 percent from a year ago, increasing from approximately $5.1 million to $5.3 million.

During the current year, the Library adopted a new accounting pronouncement, GASB Statement No. 68. This accounting pronouncement required the Library on its government-wide financial statements to recognize its unfunded pension obligation as a liability for the first time to better measure the annual cost of pension benefits. As a result of GASB Statement No. 68, the Library recorded a liability on the statement of net position of approximately $848,000. Recording this liability significantly reduced the Library's unrestricted net position.

The following table shows the change in net position during the fiscal years ended March 31, 2016 and 2015:

	2016	2015
Revenue		
Tax levy	$ 2,398,956	$ 2,428,787
Penal fines	42,252	39,178
State aid	28,477	28,504
Book fines	53,271	55,592
Investment earnings	26,207	43,896
Miscellaneous	100,486	85,231
Total revenue	2,649,649	2,681,188
Expenses		
Personnel	1,479,831	1,162,788
Contractual services and books	161,546	126,266
Operating costs	280,194	281,347
Debt service	73,521	81,150
Capital outlay	3,742	2,655
Depreciation	433,594	457,672
Total expenses	2,432,428	2,111,878
Change in Net Position	**$ 217,221**	**$ 569,310**

The Library's total revenue decreased by approximately $31,500 in the current year primarily as a result of reductions in Redford Township's taxable value.

Overall, current year expenses increased by approximately $321,000, or 15.2 percent, from the prior year. The primary reasons for this increase are the result of employee wage increases and the Library hiring additional part-time staff to restore library hours, which increased personnel costs.

The Library's Funds

Our analysis of the Library's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Library as a whole. The library board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as the property tax millage for the 2002 bond issuance. The Library's major funds for 2016 consisted of the General Fund and the Debt Service Fund.

Budgetary and Current Year Highlights

Over the course of the year, the Library amended the budget to account for an increase in contractual services and a decrease in operating costs.

Capital Asset and Debt Administration

During the year, the Library purchased additional computers, various equipment, and library materials (books, CDs, and audiovisual materials). The library building was constructed with the proceeds received from the issuance of $8.5 million in 2002 Library Building and Site Bonds, which was refunded in 2012 by issuing $5,425,000 in bonds with an interest rate range of 1.5 percent to 2.25 percent and retiring the 2002 Library Building and Site Bonds. The outstanding balance on the bonds was $3.94 million on March 31, 2016.

Economic Factors and Next Year's Budgets and Rates

The Library continues to monitor expenditures and makes every effort to ensure that it is meeting public needs. The budget for next year calls for an increase in capital improvements as the Library looks to replace an outdated phone system, resurface the parking lot, and upgrade HVAC controls. In addition, the Library plans to make a payment of $250,000 to help address an increased pension fund deficit due to new actuarial assumptions. No changes will be made to current levy amounts for the next budget year.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the library director's office.

Redford Township District Library

Statement of Net Position/Governmental Funds Balance Sheet
March 31, 2016

	Individual Library Funds				
	General Fund	Debt Service Fund	Total Modified Accrual Basis	GASB Statement No. 34 Adjustments (Note 12)	Statement of Net Position - Full-accrual Basis
Assets					
Cash and investments	$ 3,276,074	$ 917,830	$ 4,193,904	$ -	$ 4,193,904
Taxes receivable	206,636	47,687	254,323	-	254,323
Due from other governmental units	111,692	-	111,692	-	111,692
Due from other funds/internal balances	158,091	-	158,091	(158,091)	-
Prepaid expenses	6,244	-	6,244	-	6,244
Capital assets (Note 6):					
Assets not subject to depreciation	-	-	-	325,000	325,000
Assets subject to depreciation	-	-	-	6,707,950	6,707,950
Total assets	3,758,737	965,517	4,724,254	6,874,859	11,599,113
Deferred Outflows of Resources -					
Deferred outflows related to pensions (Note 10)	-	-	-	275,002	275,002
Total assets and deferred outflows	$ 3,758,737	$ 965,517	$ 4,724,254	7,149,861	11,874,115
Liabilities					
Accounts payable	$ 18,211	$ -	$ 18,211	-	18,211
Due to other funds	-	158,091	158,091	(158,091)	-
Accrued liabilities and other	20,114	-	20,114	30,368	50,482
Noncurrent liabilities (Note 7):					
Due within one year:					
Compensated absences	-	-	-	25,195	25,195
Current portion of long-term debt	-	-	-	525,000	525,000
Due in more than one year:					
Compensated absences	-	-	-	124,042	124,042
Net OPEB liability (Note 11)	-	-	-	1,517,567	1,517,567
Net pension liability (Note 10)	-	-	-	848,086	848,086
Long-term debt	-	-	-	3,415,000	3,415,000
Total liabilities	38,325	158,091	196,416	6,327,167	6,523,583
Deferred Inflows of Resources -					
Delinquent property taxes	203,568	47,686	251,254	(251,254)	-
Equity - Fund balance (Note 8):					
Restricted	-	759,740	759,740	(759,740)	-
Assigned	3,410,000	-	3,410,000	(3,410,000)	-
Unassigned	106,844	-	106,844	(106,844)	-
Total fund balance	3,516,844	759,740	4,276,584	(4,276,584)	-
Total liabilities, deferred inflows, and fund balance	$ 3,758,737	$ 965,517	$ 4,724,254		
Net Position					
Net investment in capital assets				3,092,950	3,092,950
Restricted - Debt service				807,427	807,427
Unrestricted				1,450,155	1,450,155
Total net position				$ 5,350,532	$ 5,350,532

Redford Township District Library

Statement of Activities/Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended March 31, 2016

	Modified Accrual Basis				
	General Fund	Debt Service Fund	Total Modified Accrual Basis	GASB Statement No. 34 Adjustments (Note 12)	Statement of Activities Full-accrual Basis
Revenue					
Tax levy	$ 1,754,794	$ 653,489	$ 2,408,283	$ (9,327)	$ 2,398,956
Penal fines	42,252	-	42,252	-	42,252
State aid	28,477	-	28,477	-	28,477
Book fines/fees	53,271	-	53,271	-	53,271
Investment earnings	26,024	183	26,207	-	26,207
Miscellaneous	100,486	-	100,486	-	100,486
Total revenue	2,005,304	653,672	2,658,976	(9,327)	2,649,649
Expenditures/Expenses					
Personnel	1,054,648	-	1,054,648	425,183	1,479,831
Contractual services and books	306,064	-	306,064	(144,518)	161,546
Operating costs	280,194	-	280,194	-	280,194
Debt service	-	586,708	586,708	(513,187)	73,521
Capital outlay	49,877	-	49,877	(46,135)	3,742
Depreciation	-	-	-	433,594	433,594
Total expenditures/expenses	1,690,783	586,708	2,277,491	154,937	2,432,428
Net Change in Fund Balance/Net Position	314,521	66,964	381,485	(164,264)	217,221
Fund Balance/Net Position - Beginning of year (as restated)	3,202,323	692,776	3,895,099	1,238,212	5,133,311
Fund Balance/Net Position - End of year	$ 3,516,844	$ 759,740	$ 4,276,584	$ 1,073,948	$ 5,350,532

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Accounting and Reporting Principles

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

Report Presentation

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

On the full-accrual basis of accounting, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Fund Accounting

The Library accounts for its various activities in the General Fund and Debt Service Fund in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The Library reports the following as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide the Library's services. General Fund activities are financied by revenue from two general property tax millages, state aid, and other sources.

Note 1 - Summary of Significant Accounting Policies (Continued)

- The Debt Service Fund is used to account for the annual payments of principal, interest, and expenses in connection with the 2002 Building and Site Bonds that were refunded in 2012. Debt Service Fund activities are financed by revenue from a property tax millage that expires in 2021.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government 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 following major revenue sources meet the availability criterion: state aid, state penal fines, property taxes, and interest associated with the current fiscal period.

Specific Balances and Transactions

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, furniture and equipment, library books, and videos are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Buildings	50 years
Furniture and equipment	5-15 years
Library books and AV materials	2-10 years

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The library has one item that qualifies for reporting in this category, deferred outflows of resources related to pensions.

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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category. The deferred inflows of resources relate to delinquent property taxes. These property taxes are shown as deferred inflows of resources on the governmental funds balance sheet.

Net Position Flow Assumption

Sometimes the Library will 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the Library will 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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

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

The Library's 2016 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended March 31, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the Library totaled approximately $790 million, on which taxes levied consisted of 2.3233 mills for the Library's operations and 0.7500 mills for debt service, resulting in property tax revenue of approximately $1,754,000 and $653,000, respectively. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

Pension - The Library offers a defined benefit pension plan to its employees. The Library records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purposes of measuring the net pension liability 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 puropse, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability will be liquidated from the funds of the General Fund.

Other Postemployment Benefit Costs - The Library offers retiree healthcare benefits to retirees. The Library receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the goverment-wide statements, the Library reports the full-accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of the year underpaid amount, if any. The net OPEB obligation will be liquidated from the funds of the General Fund.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated absences attributable to the governmental activities will be liquidated by the General Fund. Claims and judgment liabilities, if applicable, will be liquidated through the General Fund. The net OPEB obligation has been liquidated from the funds from which individual employees' salaries are paid, which is the General Fund.

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

Note 2 - Reporting Change (Prior period adjustments)

In the current year, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27.* The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions.

The effect of this change is change is as follows:

Net position - March 31, 2015 - As previously reported	$ 5,602,817
Adjustment for GASB Statement No. 68	(469,506)
Fund balance - March 31, 2015 - As restated	$ 5,133,311

Note 3 - Stewardship, Compliance, and Accountability

Budget Information - The annual budget is prepared by the director and the library board and adopted by the library board; subsequent amendments are approved by the library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2016 has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget statement is adopted by fund and function. The budget statement (statement of revenue, expenditures, and changes in fund balance) is presented on the same basis of accounting and level of detail as the adopted budget. State law requires expenditures to stay within appropriated amounts and the Library did not have any unfavorable expenditure budget variances.

Note 4 - 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 Library 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.

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. At year end, the Library had $2,122,748 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. Negotiable certificates of deposits and bank investment pools are not insured.

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

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

Investment	Less than One Year	1-5 Years	More than 5 Years
Negotiable certificates of deposit	$ 310,242	$ 790,168	$ 81,910
U.S. Treasury	599,926	-	-

Note 4 - 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 year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Negotiable certificates of deposit	$ 1,182,320	Not rated	N/A
U.S. Treasury	599,926	Not rated	N/A

Note 5 - Interfund Receivables, Payables, and Transfers

The following are the interfund receivables at March 31, 2016:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	$ 158,091

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

Note 6 - Capital Assets

Capital asset activity of the Library was as follows:

	Balance April 1, 2015	Additions	Disposals	Balance March 31, 2016
Governmental Activities				
Capital assets not being depreciated - Land	$ 325,000	$ -	$ -	$ 325,000
Capital assets being depreciated:				
Building	7,877,026	-	-	7,877,026
Furniture and equipment	1,183,165	46,135	-	1,229,300
Library books and audiovisual materials	4,332,322	144,518	-	4,476,840
Subtotal	13,392,513	190,653	-	13,583,166
Accumulated depreciation:				
Building	1,731,869	157,541	-	1,889,410
Furniture and equipment	837,061	93,053	-	930,114
Library books and audiovisual materials	3,872,692	183,000	-	4,055,692
Subtotal	6,441,622	433,594	-	6,875,216
Net capital assets being depreciated	6,950,891	(242,941)	-	6,707,950
Net capital assets	$ 7,275,891	$ (242,941)	$ -	$ 7,032,950

Note 7 - Long-term Debt

The Library issued bonds to provide for the acquisition and construction of a library facility. The Library has the following long-term debt outstanding as of March 31, 2016:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
2012 Library Refunding Bonds (unlimited tax general obligation) original issue of $5,425,000 maturing through 2022	1.5%-2.25	$510,000-$610,000	$4,450,000	$ -	$ (510,000)	$3,940,000	$ 525,000
Other long-term liabilities - Compensated absences		N/A	138,176	34,207	(23,146)	149,237	25,195
Total governmental activities			$4,588,176	$ 34,207	$ (533,146)	$4,089,237	$ 550,195

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

Debt Service Requirements

The annual requirements to service all debt outstanding as of March 31, 2016 (excluding compensated absences), including principal and interest, are as follows:

Year Ending March 31	Principal	Interest	Total
2017	$ 525,000	$ 68,945	$ 593,945
2018	530,000	61,033	591,033
2019	545,000	52,289	597,289
2020	560,000	42,420	602,420
2021	575,000	31,970	606,970
2022-2023	1,205,000	26,835	1,231,835
Total	$ 3,940,000	$ 283,492	$ 4,223,492

Note 8 - Fund Balance Constraints

Fund balance constraints are as follows:

	General Fund	Debt Service Fund	Total
Fund Balances			
Restricted for debt service	$ -	$ 759,740	$ 759,740
Assigned:			
Property tax float	1,300,000	-	1,300,000
Capital improvements and replacements	590,000	-	590,000
Library construction - Second floor	1,270,000	-	1,270,000
Pension liability	250,000	-	250,000
Total assigned	3,410,000	-	3,410,000
Unassigned	106,844	-	106,844
Total fund balances	$ 3,516,844	$ 759,740	$ 4,276,584

The property tax float assignment represents approximately 75 percent of the taxes levied in December 2015 to fund library operations from January 2016 to December 2016 until taxes are collected next year.

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

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

The pension liability assignment represents an additional pension contribution that the Library plans to make in the future.

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

Note 9 - Risk Management

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

Note 10 - Agent-defined Benefit Pension Plan

Plan Description - The Library participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, 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 at 1134 Municipal Way, Lansing, Michigan 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.

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

There are no annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the library board.

Employees Covered by Benefit Terms - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	11
Total employees covered by MERS	19

Note 10 - Agent-defined Benefit Pension Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

The annual employer contribution was $92,526 for the fiscal year ended March 31, 2016.

Net Pension Liability

The net pension liability reported at March 31, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 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, 2014	$ 2,439,843	$ 1,949,931	$ 489,912
Service cost	63,749	-	63,749
Interest	199,329	-	199,329
Differences between expected and actual experience	46,251	-	46,251
Changes in assumptions	106,954	-	106,954
Contributions - Employer	-	91,902	(91,902)
Net investment loss	-	(29,507)	29,507
Benefit payments, including refunds	(111,227)	(111,227)	-
Administrative expenses	-	(4,286)	4,286
Net changes	305,056	(53,118)	358,174
Balance at December 31, 2015	$ 2,744,899	$ 1,896,813	$ 848,086

Note 10 - Agent-defined Benefit Pension Plan (Continued)

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

For the year ended March 31, 2016, the Library recognized pension expense of $200,294. At March 31, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 30,834	$ -
Changes in assumptions	71,303	-
Net difference between projected and actual earnings on pension plan investments	151,522	-
Employer contributions to the plan subsequent to the measurement date	21,343	-
Total	$ 275,002	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, $21,343, which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Years Ending March 31	Amount
2017	$ 88,949
2018	88,949
2019	37,880
2020	37,881

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.75%	
Investment rate of return	7.75%	Net of pension plan investment expense, including inflation

Mortality rates were based on a 50 percent male - 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables.

Note 10 - Agent-defined Benefit Pension Plan (Continued)

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 assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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.

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 December 31, 2015, the 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	58 %	8.52 %
Global fixed income	20	5.68
Real assets	12	7.73
Diversifying strategies	10	10.06

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 (7.0 percent) or 1 percentage point higher (9.0 percent) 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	$ 1,150,205	$ 848,086	$ 589,644

Note 10 - Agent-defined Benefit Pension Plan (Continued)

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 or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has 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 11 - Other Postemployment Benefits

The Library provides retiree healthcare benefits to all full-time employees hired before April 1, 2016 in accordance with current library policy; however, the board reserves the right to change or withdraw that benefit at any time. In the current year, the board authorized a $30,000 transfer into a single-employer defined benefit plan administered by the Municipal Employees' Retiremetn System. Currently, the Library has one retiree who qualifies for postemployment benefits. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due.

Plan Description - The Library provides retiree healthcare benefits to eligible employees and their spouses. The benefits are provided to employees based on board approval. MERS issues a publicy available financial report that includes financial statements as well as trend information for the system; that report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy - The employee benefit currently does not require a contribution from employees. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment.

Note 11 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended March 31, 2016, the Library has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of March 31, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	$ 381,328
Interest on the prior year's net OPEB obligation	48,281
Less adjustment to the annual required contribution	(77,264)
Annual OPEB cost	352,345
Less amounts contributed:	
Payments of current premiums	(11,801)
Advance funding	(30,000)
Increase in net OPEB obligation	310,544
OPEB obligation - Beginning of year	1,207,023
OPEB obligation - End of year	$ 1,517,567

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

				Employer Contributions		
Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Percentage of ARC Contributed	Percentage OPEB Costs Contributed	Net OPEB Obligation
3/31/14	3/31/13	$ 201,883	$ 182,462	20.1	22.2	$ 1,056,305
3/31/15	3/31/13	216,268	192,430	19.3	21.7	1,207,023
3/31/16	3/31/16	381,328	352,345	11.0	11.9	1,517,567

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/10	$ -	$ 3,253,746	$ 3,253,746	-	$ 508,569	639.8
3/31/13	103,757	1,811,613	1,707,856	5.7	442,963	385.6
3/31/16	211,326	2,236,028	2,024,702	9.5	N/A	N/A

Note 11 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 8 percent initially and then graded down to 5 percent in 2022. The UAAL is being amortized on a level percent, closed basis. The remaining amortization period at March 31, 2016 was nine years.

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

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

Fund Balance Reported in Governmental Funds	$ 4,276,584
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	7,032,950
Property tax revenue not collected within 60 days of year end is recorded as a deferred inflow of resources in the funds	251,254
Bonds payable are not due and payable in the current period and are not reported in the funds	(3,940,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(30,368)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(149,237)
Net OPEB obligation does not present a claim on current financial resources. Therefore, it is not reported as a fund liability	(1,517,567)
Deferred outflows related to pensions are not a financial resource and are not reported in the funds	275,002
Net pension liability is not due and payable in the current period and is not reported in the funds	(848,086)
Net Position of Governmental Activities	**$ 5,350,532**

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

The change in net position reported in the statement of activities column is different than the change in fund 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:

Net Change in Fund Balances - Total Governmental Funds	$ 381,485
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Library books and audiovisual materials	144,518
Capital outlay	46,135
Depreciation expense	(433,594)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(9,327)
Repayment of bond principal is an expenditure in the fund financial statements, but not in the statement of activities	510,000
Change in accrued interest payable	3,187
Increase in the accrual for compensated absences is reported as an expenditure in the fund financial statements, but not in the statement of activities	(11,061)
Increase in net OPEB obligation expenses reported in the statement of activities does not require the use of current resources; therefore, it is not reported in the fund statements until it comes due for payment	(310,544)
Increase in net pension liability reported in the statement of activities does not require the use of current resources; therefore, it is not reported in the fund statements until it comes due for payment	(358,174)
Change in deferred outflows related to pensions	254,596
Change in Net Position of Governmental Activities	**$ 217,221**

Note 13 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the Library's 2017 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Library to recognize on the face of the financial statements its net OPEB liability related to its participation in the Retiree Medical Plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Library is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Library's financial statements for the year ending March 31, 2019.

Required Supplemental Information

Redford Township District Library

Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended March 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	$ 1,634,916	$ 1,595,000	$ 1,754,794	$ 159,794
Penal fines	36,000	41,000	42,252	1,252
State aid	28,500	28,000	28,477	477
Fines/Fees	52,500	47,500	53,271	5,771
Investment earnings	-	12,000	26,024	14,024
Miscellaneous	76,000	88,000	100,486	12,486
Total revenue	1,827,916	1,811,500	2,005,304	193,804
Expenditures/Expenses				
Personnel	1,094,838	1,102,794	1,054,648	48,146
Contractual services and books	311,728	315,728	306,064	9,664
Operating costs	309,204	297,248	280,194	17,054
Capital outlay	75,000	75,000	49,877	25,123
Total expenditures/expenses	1,790,770	1,790,770	1,690,783	99,987
Excess of Revenue Over Expenditures	37,146	20,730	314,521	293,791
Fund Balance - Beginning of year	3,202,323	3,202,323	3,202,323	-
Fund Balance - End of year	**$ 3,239,469**	**$ 3,223,053**	**$ 3,516,844**	**$ 293,791**

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/10	$ -	$ 3,253,746	$ 3,253,746	-	$ 508,569	639.8
3/31/13	103,757	1,811,613	1,707,856	5.7	442,963	385.6
3/31/16	211,326	2,236,028	2,024,702	9.5	N/A	N/A

Required Supplemental Information
Schedule of Changes in the Library Net Pension Liability and Related Ratios
Year Ended March 31, 2016

Total Pension Liability	
Service cost	$ 63,749
Interest	199,329
Changes in benefit terms	-
Differences between expected and actual experience	46,251
Changes in assumptions	106,954
Benefit payments, including refunds	(111,227)
Net Change in Total Pension Liability	305,056
Total Pension Liability - Beginning of year	2,439,843
Total Pension Liability - End of year	**$ 2,744,899**
Plan Fiduciary Net Position	
Contributions - Employer	$ 91,902
Contributions - Member	-
Net investment loss	(29,507)
Administrative expenses	(4,286)
Benefit payments, including refunds	(111,227)
Other	-
Net Change in Plan Fiduciary Net Position	(53,118)
Plan Fiduciary Net Position - Beginning of year	1,949,931
Plan Fiduciary Net Position - End of year	**$ 1,896,813**
Library's Net Pension Liability - Ending	**$ 848,086**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.10 %
Covered Employee Payroll	$ 506,347
Library's Net Pension Liability as a Percentage of Covered Employee Payroll	167.5 %

Required Supplemental Information
Schedule of Library Contributions
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 92,526	$ 85,834	$ 82,764	$ 76,686	$ 76,000	$ 78,000	$ 74,000	$ 78,000	$ 102,000	$ 82,000
Contributions in relation to the actuarially determined contribution	92,526	85,834	82,764	76,686	76,000	78,000	74,000	78,000	102,000	82,000
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 506,347	$ 494,481	$ 492,949	$ 492,334	$ 514,310	$ 535,564	$ 508,569	$ 555,443	$ 455,168	$ 366,862
Contributions as a percentage of covered employee payroll	18.3 %	17.4 %	16.8 %	15.6 %	14.8 %	14.6 %	14.6 %	14.0 %	22.4 %	22.4 %

Notes to Schedule of Library Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	10-year smoothed market
Inflation	2.5%
Salary increases	3.75%, including inflation
Investment rate of return	7.75%
Retirement age	60 years
Mortality	50% male - 50% female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables
Other information	None