

**Public Libraries of Saginaw, Michigan and Component Units**

**Financial Statements**

**June 30, 2018**



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# Public Libraries of Saginaw, Michigan and Component Units

## List of Appointed Officials

June 30, 2018

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### Library Board

Pamela Clark	President
Ann Schneider Branch	Vice President
Melissa Garcia	Treasurer
Ralph Martin	Secretary
Tina Gutierrez	Board Member
Bob Johnson	Board Member
Diane Kloc	Board Member

### Administration

Maria McCarville	Library Director
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## Independent Auditors' Report

To the Board  
Public Libraries of Saginaw, Michigan and Component Units  
Saginaw, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the blended component units, and each major fund of the Public Libraries of Saginaw, Michigan and Component Units (Library), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' 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 auditors' 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.

***Basis for Qualified Opinion***

These financial statements do not reflect depreciation on exhaustible assets of Hoyt Trust, a component unit, as required by accounting principles generally accepted in the United States of America. The effect on the financial statements of this practice is not reasonably determinable.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the blended component units, and each major fund of the Public Libraries of Saginaw, Michigan and Component Units as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Adoption of New Account Standards***

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the Library adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedule, schedule of employer contributions, schedule of changes in net pension liability (asset) and related ratios, schedule of employers’ net pension liability, schedule of the library’s proportionate share of the net pension liability, schedule of the library’s pension contributions, schedule of the library’s proportionate share of the net OPEB liability, and schedule of the library’s OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Libraries of Saginaw, Michigan and Component Units basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion” paragraph, the other supplementary information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Prior Year Information***

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Public Libraries of Saginaw, Michigan and Component Units’ financial statements as of and for the year ended June 30, 2017, which are not presented with the accompanying financial statements. In our report dated September 28, 2017, we expressed a qualified opinion due to not reflecting the depreciation on the exhaustible assets of Hoyt Trust, a component unit. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Libraries of Saginaw’s financial statements as a whole. The 2017 information in the comparative other supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion as explained in the “Basis for Qualified Opinion” paragraph, the 2017 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 9, 2018

# Public Libraries of Saginaw, Michigan and Component Units

## Management's Discussion and Analysis

### June 30, 2018

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This section of the financial report presents our discussion and analysis of the Public Libraries of Saginaw, Michigan and Component Units (Library) financial performance during the year ended June 30, 2018. It is meant to provide an overall review of the Library's financial activities and provide a look at its past and current financial position. Readers should also review the Library's financial statements, immediately following this section, to enhance their understanding of the Library's financial performance.

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34, issued in June of 2000. Certain comparative information is required to be contained in financial statements that are prepared according to GASB 34 guidelines.

#### **Using this Annual Report**

This annual report consists of the following four parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
- Required Supplemental Information
- Other Supplemental Information

These statements are organized to help the reader understand the financial position of the Public Libraries of Saginaw, Michigan and Component Units as a whole. The Government-wide Financial Statements provide information about the activities of the Library as a whole. The fund financial statements provide the next level of detail, providing more detailed information about the Library's funds. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplemental information that supports and further explains the financial statements with a comparison of the Library's budget for the year.

#### **Government-Wide Financial Statements**

The Government-wide statements provide financial information of the Library as a whole. They report on the governmental activities of the Library, which includes most of the Library's basic services, including programming and technology. These activities are mostly funded by property taxes, penal fines and state shared revenue. The governmental activities also include the Library's component units, Hoyt Trust and Saginaw Public Libraries Foundation. These statements use the full accrual basis of accounting, similar to private sector companies. There are two Government-wide statements: The Statement of Net Position and the Statement of Activities.

The **Statement of Net Position** includes all the assets and liabilities of the Library, whether short-term or long-term, and regardless of whether or not they are currently available. As a result, capital assets and long-term obligations of the Library are included in this statement.

The **Statement of Activities** accounts for current year revenues regardless of when cash is received or paid, consistent with the full accrual basis method of accounting. The intent of this statement is to summarize and simplify the user's analysis of the costs of various Library services.

When analyzed together, these two statements help the reader determine whether the Library is financially stronger or weaker as a result of the year's activities. Both statements report the Library's net position, which is the difference between the library's assets and deferred outflows and liabilities and deferred inflows. The change in net position is one way to measure the Library's financial health or position. Over time, increases and decreases in the Library's net position are an indicator of whether the Library's financial health is improving or deteriorating. However, the Library's goal is to provide services to our patrons not generate profits as in the private sector. As a result, other non-financial factors should be considered in assessing the overall health of the Library. Such factors would include the



**Public Libraries of Saginaw, Michigan and Component Units**  
**Management's Discussion and Analysis**  
**June 30, 2018**

condition of the Library's building and the property tax base of the library.

**Fund Financial Statements**

The fund financial statements focus on providing more detailed information about the major funds of the Library and not on the Library as a whole, as reported in the Government-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements provide a detailed short-term view of the Library's operations and help in determining whether there are more or less financial resources available in the near future to finance the Library's programs and services provided.

In general, the fund financial statements have changed very little as a result of GASB 34 requirements and are comparable to prior year financial statements. The primary difference is that the Account Groups (General Fixed Assets and general Long-term Debt) are no longer reported.

**Summary of Net Assets**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets	\$ 10,297,774	\$ 9,148,494
Noncurrent assets	11,392,883	10,361,153
Deferred outflows	<u>428,068</u>	<u>249,660</u>
Total assets and deferred outflows	<u>22,118,725</u>	<u>19,759,307</u>
<b>Liabilities</b>		
Current liabilities	197,265	213,346
Noncurrent liabilities	2,400,842	2,023,263
Deferred inflows	<u>675,918</u>	<u>354,393</u>
Total liabilities and deferred inflows	<u>3,274,025</u>	<u>2,591,002</u>
<b>Net Position</b>		
Invested in capital assets	8,615,866	8,685,821
Restricted	5,747,461	2,869,917
Unrestricted	<u>4,481,373</u>	<u>5,612,567</u>
Total net position	<u>\$ 18,844,700</u>	<u>\$ 17,168,305</u>

The net assets for the Library were \$18,844,700 at June 30, 2018. Unrestricted net assets will be used for funding future programming, capital improvements, material, technology upgrades, and for maintaining adequate cash flow to eliminate the need for borrowing.

Unrestricted net assets are similar but not identical to fund balance. A reconciliation of the difference between the change in net assets and a change in fund balance is included the basic financial statements.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Statement of Net Assets Operating Results**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Program revenue		
Charge for services	\$ 104,846	\$ 292,644
Operating grants and contributions	1,157,018	1,104,848
Capital Grants and Contributions	1,513,708	-
General revenue		
Property tax	2,552,809	2,547,727
Personal property tax reimbursement	221,581	212,730
Penal fines	377,396	423,186
State aid - unrestricted	91,157	81,830
Interest and investment earnings	145,410	259,015
Other	102,418	136,471
	<u>6,266,343</u>	<u>5,058,451</u>
Expenses		
Main Library	2,127,705	2,339,704
Zauel Library	671,630	791,542
Butman-Fish Library	687,373	659,628
Ruth Brady Wickes Library	182,010	101,341
Hoyt Trust	332,398	332,922
Saginaw Public Library Foundation	19,186	28,805
Total expenses	<u>4,020,302</u>	<u>4,253,942</u>
Change in net position	2,246,041	804,509
Net position, beginning of year, restated	<u>16,598,659</u>	<u>16,363,796</u>
Net position - end of year	<u>\$ 18,844,700</u>	<u>\$ 17,168,305</u>

As shown, the net position for the Library increased by \$2,246,041 during the year.

The *Statement of Activities* presented later in the government-wide financial statements provides greater detail on the Library's annual activity. As reported in the statement of activities, the cost of all government activities this year was \$4.02 million. However, the amount that was ultimately financed by our taxpayers through property taxes was \$2.55 million. Nearly 6% of the Library's revenue is from penal fines and 1.5% is from unrestricted state shared revenue.

Up until July 1, 2004, the Library levied 4 mills in property taxes on City of Saginaw, Kochville and Zilwaukee properties. Beginning July 1, 2004, we are able to levy only 3.9947 mills because of the Headlee Tax rollback.

**Local Property Tax History**

<u>Fiscal Year</u>	<u>Revenue</u>	<u>% of Revenue</u>	<u>Local Property Taxes</u>
2018		52%	\$ 2,503,990
2017		62%	2,497,373
2016		60%	2,564,867
2015		58%	2,582,115
2014		56%	2,611,774
2013		63%	2,704,348
2012		64%	2,813,046

Local property tax revenues in the table include the receipt of delinquent taxes from prior years.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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**Budgetary Highlights**

Fund balance was not used to balance the budget in 2017-2018. Revenues (excluding Zauel) for the Library increased by approximately 15% while the end of year fund balance decreased by 3.5%. The decrease in fund balance was due to contributing \$1,000,000 to the Hoyt Trust for the restoration project. Therefore, the Library is continuing to operate within current revenue collections while providing excellent library services, our top priority.

The MPSERS retirement plan contributions as a percentage of covered employee payroll increased from 19.01% in 2017 to 35.62% in 2018. The MERS retirement plan contribution as a percentage of covered payroll was 2.19%

**Budget Adjustments**

There was only one budget adjustment over \$3,000 this year. An adjustment of \$5,000 was made from the Zauel Adult Books account to the Audio Visual account to meet patron demands for more current DVDs.

**Revenue Threats**

Current local taxes continue to be a concern. The decrease in taxable values has had a large impact on the Library budget. The number of vacant homes/lots in the City of Saginaw continues to increase and we expect that tax revenue will continue to decline.

Tax abatements continue to affect our revenues. DDA and TIF plans acted on by both the City of Saginaw and Kochville Township continue to have a negative impact on the budget. Governor Rick Snyder signed into law PA 505-510, providing for specially dedicated library millages to be exempt from a number of tax captures. It is expected that PA 505-510 will provide some relief in the future.

In addition, State of Michigan changes to the Personal Property Tax have had an impact on the budget and our ability to plan in advance for promised reimbursements. The budgeted amount of Personal Property Tax reimbursement was \$100,000, while the actual amount was more than double at \$221,581. Based on the information known at this time, it is difficult to know if the State of Michigan will continue to fund the reimbursements at the current rate.

The 2016-2017 and 2017-2018 Penal Fines (excluding Zauel) were both received and recorded in 2017-2018 which resulted in \$538,365 being collected instead of the budgeted amount of \$265,000.

**Requests for Information**

This financial report is designed to provide a general overview for anyone interested in the Library's finances and to demonstrate the Library's accountability for the money it received. Questions concerning this report or requests for additional information should be addressed to:

Library Director  
Public Libraries of Saginaw  
505 Janes Avenue  
Saginaw, MI 48607  
(989) 755-9833

**Public Libraries of Saginaw, Michigan and Component Units**  
**Statement of Net Position**  
**June 30, 2018**

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**Assets**

Current assets

Cash and cash equivalents	\$	7,570,748
Investments		1,615,279
Accounts receivable		41,314
Promises to give, current portion, net of discount		476,750
Interest receivable		2,081
Due from other governmental units		483,430
Prepaid expenses		108,172
Total current assets		10,297,774

Noncurrent assets

Assets held by others		877,046
Promises to give, less current portion, net of discount		860,328
Capital assets not being depreciated		5,034,576
Capital assets, net of accumulated depreciation		3,581,290
MERS asset		1,039,643
Total noncurrent assets		11,392,883
Total assets		21,690,657

**Deferred Outflows of Resources**

Deferred amount relating to net pension asset - MERS		47,726
Deferred amount relating to net pension liability - MPSERS		353,202
Deferred amount relating to net OPEB liability - MPSERS		27,140
Total deferred outflows of resources		428,068

Total assets and deferred outflows of resources		22,118,725
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**Public Libraries of Saginaw, Michigan and Component Units**  
**Statement of Net Position**  
**June 30, 2018**

**Liabilities**

Current liabilities

Accounts payable	\$	73,539
Accrued payroll and related liabilities		31,723
Unearned revenue		2,000
Accrued compensated absences		90,003
Total current liabilities		197,265

Long-term liabilities

Net pension liability - MPSERS		1,721,318
Net OPEB liability - MPSERS		588,641
Accrued compensated absences		90,883
Total long-term liabilities		2,400,842
Total liabilities		2,598,107

**Deferred Inflows of Resources**

Deferred amount relating to net pension liability - MERS		161,386
Deferred amount relating to net pension liability - MPSERS		493,692
Deferred amount relating to net OPEB liability - MPSERS		20,840
Total deferred inflows of resources		675,918

Total liabilities and deferred inflows of resources		3,274,025
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**Net position**

Invested in capital assets		8,615,866
Restricted for:		
Restricted for Hoyt Trust		3,300,632
Restricted for Saginaw Public Library Foundation		1,321,553
Restricted for Zauel operations		1,125,276
Unrestricted		4,481,373
Total net position		\$ 18,844,700

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Statement of Activities**  
**Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary government</b>					
Governmental activities					
Main Library	\$ 2,127,705	\$ 80,396	\$ 98,801	\$ -	\$ (1,948,508)
Zael	671,630	24,450	703,771	-	56,591
Butman Fish	687,373	-	-	-	(687,373)
Ruth Brady Wickes	182,010	-	-	-	(182,010)
Hoyt Trust	332,398	-	34,120	1,513,708	1,215,430
Saginaw Public Library Foundation	19,186	-	320,326	-	301,140
Total governmental activities	<u>\$ 4,020,302</u>	<u>\$ 104,846</u>	<u>\$ 1,157,018</u>	<u>\$ 1,513,708</u>	<u>(1,244,730)</u>
General revenues					
Property taxes, levied for general purposes					2,516,740
Personal property tax reimbursement					221,581
Payment in lieu of taxes					36,069
Penal fines					377,396
State aid - unrestricted					91,157
Interest and investment earnings					145,410
Other					102,418
Total general revenues					<u>3,490,771</u>
Change in net position					2,246,041
Net position - beginning, as restated					<u>16,598,659</u>
<b>Net position - ending</b>					<b>\$ 18,844,700</b>

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Balance Sheet**  
**June 30, 2018**

	Primary Government	Component Units		Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Libraries Foundation	2018
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 5,392,848	\$ 1,367,473	\$ 810,427	\$ 7,570,748
Investments	-	1,090,040	525,239	1,615,279
Accounts receivable	41,314	-	-	41,314
Promises to give, current portion, net of discount	-	476,750	-	476,750
Interest receivable	2,081	-	-	2,081
Due from other governmental units	483,430	-	-	483,430
Prepaid expenses	104,555	3,617	-	108,172
Total current assets	<u>6,024,228</u>	<u>2,937,880</u>	<u>1,335,666</u>	<u>10,297,774</u>
Noncurrent assets				
MERS asset	1,039,643	-	-	1,039,643
Promises to give, less current portion, net of discount	-	860,328	-	860,328
Assets held by others	-	877,046	-	877,046
Capital assets	-	4,999,576	-	4,999,576
Total noncurrent assets	<u>1,039,643</u>	<u>6,736,950</u>	<u>-</u>	<u>7,776,593</u>
<b>Total assets</b>	<u>\$ 7,063,871</u>	<u>\$ 9,674,830</u>	<u>\$ 1,335,666</u>	<u>\$ 18,074,367</u>
<b>Liabilities</b>				
Accounts payable	\$ 37,091	\$ 22,335	\$ 14,113	\$ 73,539
Accrued payroll and related liabilities	31,723	-	-	31,723
Unearned revenue	2,000	-	-	2,000
Total liabilities	<u>70,814</u>	<u>22,335</u>	<u>14,113</u>	<u>107,262</u>

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Balance Sheet**  
**June 30, 2018**

	Primary Government	Component Units		Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Libraries Foundation	2018
<b>Deferred inflows of resources</b>				
Unavailable revenue				
Property taxes	\$ 26,453	\$ -	\$ -	\$ 26,453
Payment in lieu of taxes	41,922	-	-	41,922
Total deferred inflows of resources	<u>68,375</u>	<u>-</u>	<u>-</u>	<u>68,375</u>
<b>Fund balance</b>				
Non spendable for				
Prepaid expense	104,555	3,617	-	108,172
MERS asset	1,039,643	-	-	1,039,643
Invested in capital assets	-	4,999,576	-	4,999,576
Restricted				
Zauel operations	1,125,276	-	-	1,125,276
Hoyt Trust	-	3,300,632	-	3,300,632
Saginaw Public Libraries Foundation	-	-	1,321,553	1,321,553
Committed for:				
Technology upgrade	634,960	-	-	634,960
Repair, replacement and improvement	949,300	-	-	949,300
Materials	298,763	-	-	298,763
Procurements and operations	389,450	-	-	389,450
Unassigned	<u>2,382,735</u>	<u>1,348,670</u>	<u>-</u>	<u>3,731,405</u>
Total fund balance	<u>6,924,682</u>	<u>9,652,495</u>	<u>1,321,553</u>	<u>17,898,730</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 7,063,871</u>	<u>\$ 9,674,830</u>	<u>\$ 1,335,666</u>	<u>\$ 18,074,367</u>

See Accompanying Notes to the Financial Statements



**Public Libraries of Saginaw, Michigan and Component Units**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2018**

<b>Total fund balance</b>		\$ 17,898,730
Total net position reported for governmental activities in the statement of net position is different because:		
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		
Property taxes		26,453
Payment in lieu of taxes		41,922
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Those assets consist of:		
Land		35,000
Buildings and building improvements		2,266,115
Furniture and equipment		1,019,564
Leasehold improvements		3,722,578
Library books		1,098,946
Accumulated depreciation		(4,525,913)
Certain liabilities are not due and payable in the current period and are not reported in the funds.		
Compensated absences payable		(180,886)
Deferred outflows (inflows) or resources.		
Deferred outflow of resources resulting from net pension asset - MERS		47,726
Deferred inflow of resources resulting from net pension asset - MERS		(161,386)
Deferred outflow of resources resulting from net pension liability - MPSERS		353,202
Deferred inflow of resources resulting from net pension liability - MPSERS		(493,692)
Deferred outflow of resources resulting from net OPEB liability - MPSERS		27,140
Deferred inflow of resources resulting from net OPEB liability - MPSERS		(20,840)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Net pension liability - MPSERS		(1,721,318)
Net OPEB liability - MPSERS		(588,641)
<b>Net position of governmental activities</b>		<b><u>\$ 18,844,700</u></b>

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2018**

	Primary Government	Component Units			Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Library Foundation	Eliminating Entries	2018
<b>Revenues</b>					
Current local taxes	\$ 2,498,801	\$ -	\$ -	\$ -	\$ 2,498,801
Interest on delinquent taxes	11,420	-	-	-	11,420
Payments in lieu of taxes	29,147	-	-	-	29,147
Personal property tax reimbursement	221,581	-	-	-	221,581
Delinquent taxes	5,189	-	-	-	5,189
Contract income	846,277	192,505	-	(295,600)	743,182
State aid	91,157	-	-	-	91,157
State aid - Unfunded Actuarial Accrued Liability (UAAL)	82,161	-	-	-	82,161
Grants	32,953	-	-	-	32,953
Contributions and gifts	26,437	2,547,543	320,326	(1,000,000)	1,894,306
Book fines and fees	28,401	-	-	-	28,401
Penal fines	800,582	-	-	-	800,582
Telefacsimile fees	9,181	-	-	-	9,181
Copy machines	6,620	-	-	-	6,620
Investment income	19,767	6,537	2,924	-	29,228
Unrealized and realized gains on investments		73,739	28,659		102,398
Change in value of assets held by others	-	18,287	-	-	18,287
Universal service fund	20,257	-	-	-	20,257
Concessions	23,564	-	-	-	23,564
Processing data entry	37,080	-	-	-	37,080
Miscellaneous	-	285	-	-	285
<b>Total revenues</b>	<u>4,790,575</u>	<u>2,838,896</u>	<u>351,909</u>	<u>(1,295,600)</u>	<u>6,685,780</u>

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2018**

	<u>Primary Government</u>	<u>Component Units</u>			<u>Total Reporting Entity</u>
	<u>General Fund</u>	<u>Hoyt Trust</u>	<u>Saginaw Public Library Foundation</u>	<u>Eliminating Entries</u>	<u>2018</u>
<b>Expenditures</b>					
Main Library	\$ 3,104,910	\$ -	\$ -	\$ (1,192,505)	\$ 1,912,405
ZaueI	747,530	-	-	(103,095)	644,435
Butman Fish	668,895	-	-	-	668,895
Ruth Brady Wickes	186,481	-	-	-	186,481
Hoyt Trust	-	332,398	-	-	332,398
Saginaw Public Libraries Foundation	-	-	19,186	-	19,186
	<u>4,707,816</u>	<u>332,398</u>	<u>19,186</u>	<u>(1,295,600)</u>	<u>3,763,800</u>
Total expenditures					
Excess of revenues over expenditures	82,759	2,506,498	332,723	-	2,921,980
Fund balance - beginning of year	<u>6,841,923</u>	<u>7,145,997</u>	<u>988,830</u>	<u>-</u>	<u>14,976,750</u>
<b>Fund balance - end of year</b>	<u>\$ 6,924,682</u>	<u>\$ 9,652,495</u>	<u>\$ 1,321,553</u>	<u>\$ -</u>	<u>\$ 17,898,730</u>

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2018**

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<b>Net change in fund balances</b>	<b>\$ 2,921,980</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays and library books as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(413,799)
Capital outlay	6,400
Library books	191,950
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	1,330
Payment in lieu of taxes	6,922
Penal fines	(423,186)
Interest	(4,503)
Expenses are recorded when incurred in the statement of activities	
Change in compensated absences payable	17,821
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds the equals actual pension contributions.	
Net change in the deferrals of resources related to the net pension asset - MERS	(141,091)
Net change in net pension liability - MPSERS	103,238
Net change in the deferrals of resources related to the net pension liability - MPSERS	(8,326)
Net change in net OPEB liability - MPSERS	5,899
Net change in the deferrals of resources related to the net OPEB liability - MPSERS	(18,594)
<b>Change in net position of governmental activities</b>	<b>\$ 2,246,041</b>

See Accompanying Notes to the Financial Statements

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**Note 1 - Significant Accounting Policies**

The financial statements of the Public Libraries of Saginaw, Michigan and Component Units (Library) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the Library. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities are normally supported by taxes and inter-governmental revenue.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenue.

**Reporting Entity**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Public Libraries of Saginaw, Michigan and its component units. The component units discussed below are included in the Library's reporting entity because of the significance of their operational or financial relationships with the Library.

**Component Units**

The component units' columns in the financial statements include the financial data of the Library's two component units, Hoyt Trust and Saginaw Public Libraries Foundation. These units have substantially the same board members as the Public Libraries of Saginaw, Michigan.

**Hoyt Trust**

The Hoyt Trust was established under the will of Jesse Hoyt in June of 1882. The endowment to the Hoyt Trust included money to construct the Hoyt Library. The funds of the Hoyt Trust are controlled by the Hoyt Trust Board and are reserved for the purpose of maintaining the Hoyt Library as a reference library per the terms of the will of Jesse Hoyt. By the 1920's the Hoyt Trust was no longer financially capable of supporting Hoyt Library services. The Hoyt Trust's inability to support the Hoyt Library led to the merger of Hoyt Library and the Public Libraries of Saginaw with the Public Libraries of Saginaw renting the Hoyt Library from the Hoyt Trust. Since that time the Trust has continued to provide modest financial support to the Hoyt Library.

The Library's financial statements include complete financial statements of the Hoyt Trust.

**Saginaw Public Libraries Foundation**

The Saginaw Public Libraries Foundation was created to provide a means of giving into posterity to the Public Libraries of Saginaw. This foundation raises money to be used to purchase books and other library materials as a supplement to the regular library materials budget. Only a portion of the earnings from the Foundation investments are used annually, allowing the principal to remain to generate earnings for future library materials support and services.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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The Library's financial statements include complete financial statements of the Saginaw Public Libraries Foundation. The Foundation assets are held in trust at Merrill Lynch. Complete audited financial statements of the Saginaw Public Library Foundation can be obtained from the administrative offices of the Public Libraries of Saginaw, Michigan at 505 Janes Street, Saginaw, Michigan 48607.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Library reports only one fund as follows:

- The General Fund is used to record the operations of the Library which pertain to maintaining and operating the Public Libraries of Saginaw, Michigan. Included are all transactions related to the approved current operating budget.

**Assets, Liabilities and Net Position or Equity**

Cash and investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired. Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Receivables and payables – All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Property taxes are assessed as of December 31 and the related taxes become a lien on March 1 of the following year. The Libraries' taxes are due in July with the final collection date on February 28 before they are added to the County tax rolls. The delinquent real property taxes of the Library are purchased by Saginaw County. These taxes have been recorded as revenue in the current year.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Library follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

MERS asset – This amount represents payments in excess of Annual Required Contributions.

Promises to give – Contributions are recognized when the donor makes a promise to give to the Library that is, in substance, unconditional. Contribution revenue from these promises to give is included in contributions and gifts under Hoyt Trust on the statement of revenue, expenditures and changes in fund balance. The Library considers the promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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The Library uses the income approach to value unconditional promises to give, in the aggregate on an annual basis, under the fair value option.

Assets held by others – These assets are held by the bank and are for the benefit of the Hoyt Trust. The Trust may petition for distribution of principal for special projects and renovations.

Capital assets – Purchased or constructed capital assets 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, except books which are capitalized annual as a group. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Library does not have infrastructure assets. Buildings, furniture and equipment, books, and leasehold improvements are depreciated using the straight-line method over the following useful lives:

Building and building improvements	20 to 50 years
Furniture and equipment	5 to 10 years
Leasehold improvements	20 to 50 years
Books	5 years

Deferred outflows of resources – The Library reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Library also reported deferred outflows of resources for pension and OPEB

contributions made after the measurement date in relation to the MPSERS plan. This amount will reduce net pension and OPEB liability in the following year.

Compensated absences – Sick days are earned by employees at the rate of one per month. Unlimited unused sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum of 90 days at half of their normal rate.

The liability for compensated absences reported in the government-wide financial statements consists of earned but unused accumulated vacation and sick leave benefits. The liability has been calculated based on the balances as of June 30, 2018 for those employees eligible for payout.

Pension - MERS – For purposes of measuring the Net Pension Liability/Asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to MERS. 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.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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Pension - MPSERS – 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 Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

Other Postemployment Benefits (OPEB) - MPSERS – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For the Library, this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The Library reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.

Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the Library's highest level of decision-making, its Library Board. A fund balance commitment may be established, modified, or rescinded by a resolution of the Library Board.

Assigned – amounts intended to be used for specific purposes, as determined by the Library Board. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library's policy is to consider restricted funds spent first.



**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Library's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**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, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Adoption of New Accounting Standards**

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

**Upcoming Accounting and Reporting Changes**

In addition, the Governmental Accounting Standards Board has released the following Statements.

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

The Library is evaluating the impact that the above GASBs will have on its financial reporting.

**Note 2 - Budgetary Policies and Data**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the State. The law requires appropriation acts to be adopted for the General Fund.

The Board adopts appropriations utilizing the modified-accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. A library is not considered to be in violation of the Act if reasonable procedures are in use by the library to detect violations.

The Public Libraries of Saginaw uses these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director submits to the Board a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The Library Director is authorized to transfer budgeted amounts between functions; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
4. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. The budget was amended at its June meeting.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

6. Encumbrance accounting is employed in the General Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**Note 3 - Deposits, Investments and Assets Held by Others**

At year end, the Library and its component units' deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Component Units	Total
Cash and cash equivalents	\$ 5,392,848	\$ 2,177,900	\$ 7,570,748
Investments	-	1,615,279	1,615,279
Assets held by others	-	877,046	877,046
<b>Total</b>	<b><u>\$ 5,392,848</u></b>	<b><u>\$ 4,670,225</u></b>	<b><u>\$ 10,063,073</u></b>

The breakdown between deposits and investments for the Library is as follows:

	Governmental Activities	Component Units	Total
Deposits in checking, savings, and certificate of deposit accounts	\$ 5,392,238	\$ 2,177,900	\$ 7,570,138
Investments in securities, mutual funds, and similar vehicles	-	1,615,279	1,615,279
Petty cash and cash on hand	610	-	610
Assets held by others	-	877,046	877,046
<b>Total</b>	<b><u>\$ 5,392,848</u></b>	<b><u>\$ 4,670,225</u></b>	<b><u>\$ 10,063,073</u></b>

As of June 30, 2018, the Public Libraries of Saginaw, Michigan and Component Units investments consisted of the following:

	Primary Government	Hoyt Trust	Saginaw Public Libraries Foundation	Total Component Units
Mutual funds - equity	\$ -	\$ 403,836	\$ 228,100	\$ 631,936
Mutual funds - fixed income	-	686,204	297,139	983,343
<b>Total investments</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,090,040</u></b>	<b><u>\$ 525,239</u></b>	<b><u>\$ 1,615,279</u></b>

	2018	
	Cost	Fair Value
Assets held by others	<u>\$ 624,279</u>	<u>\$ 877,046</u>

Credit risk - State statutes authorize the Library to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Library is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools. The Library has no investment policy that would further limit its investment choices.

Concentration of credit risk – The Library has no policy that would limit the amount that may be invested with any one issuer.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned. The Library does not have a deposit policy for custodial credit risk. As of June 30, 2018, the Library's and the component units' bank balances was in excess of the amount insured by the FDIC by \$4,100,019 and \$1,389,951, respectively.

**Note 4 - Promises to Give**

Promises to give are scheduled to be collected as follows:

2019	\$ 476,750
2020	477,000
2021	457,000
2022	<u>2,000</u>
	1,412,750
Less discount to fair value	<u>(75,672)</u>
	<u>\$ 1,337,078</u>

Management has elected the fair value option for promises to give in order to simplify the accounting for promises to give made in multiple years. The promises to give are discounted using the applicable federate rate of 2.82%.

**Note 5 - 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Library has the following recurring fair value measurements as of June 30, 2018:

- Mutual funds of \$1,615,279 are valued using quoted market prices (Level 1 inputs).
- Assets held by others of \$877,046 are valued at quoted prices for similar assets and liabilities in active markets. Assets are held by Huntington Bank (Level 2 inputs).
- Promises to give of \$1,337,078 use the income approach to value unconditional promises to give, in the aggregate on an annual basis, under the fair value option (Level 3 inputs).

Changes in fair values for the years ended June 30, 2018 for items measured on a recurring basis using significant unobservable inputs (Level 3) are as follows:

Beginning balance	\$ -
Add: new pledges	1,419,000
Less: collections	(6,250)
Change in discount to fair value	<u>(75,672)</u>
Ending Balance	<u>\$ 1,337,078</u>

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

Qualitative information about level 3 fair value measurements are as follows:

	Fair value at June 30, 2018	Valuation techniques	Unobservable input	Range (weighted average)
Promises to give	\$ 1,337,078	Present value of future cash flows	Interest rate Years	2.82% 2 - 4 years

**Note 6 - Capital Assets**

Capital assets activity of the primary government and component unit for the current year was as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
<b>Primary Government</b>				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Capital assets being depreciated				
Building and building improvements	2,266,115	-	-	2,266,115
Furniture and equipment	1,013,164	6,400	-	1,019,564
Leasehold improvements	3,722,578	-	-	3,722,578
Library books	906,996	191,950	-	1,098,946
Total capital assets being depreciated	7,908,853	198,350	-	8,107,203
Less: Accumulated depreciation	4,112,114	413,799	-	4,525,913
Net capital assets being depreciated	3,796,739	(215,449)	-	3,581,290
Governmental activities capital assets, net	<u>\$ 3,831,739</u>	<u>\$ (215,449)</u>	<u>\$ -</u>	<u>\$ 3,616,290</u>
<b>Component Units</b>				
Capital assets not being depreciated				
Land and buildings	\$ 4,854,082	\$ 145,494	\$ -	\$ 4,999,576
<b>Total capital assets not being depreciated</b>	<u>\$ 4,889,082</u>	<u>\$ 145,494</u>	<u>\$ -</u>	<u>\$ 5,034,576</u>
<b>Total capital assets, net of accumulated depreciated</b>	<u>\$ 3,796,739</u>	<u>\$ (215,449)</u>	<u>\$ -</u>	<u>\$ 3,581,290</u>

Depreciation for the fiscal year ended June 30, 2018, amounted to \$413,799 for the primary government. The Component Units do not depreciate capital assets.

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Depreciation expense was charged to activities of the Library as follows:

Governmental activities	
Main library	\$ 322,763
ZaueI	20,690
Butman Fish	62,070
Ruth Brady Wickes	<u>8,276</u>
Total governmental activities	<u>\$ 413,799</u>

**Note 7 - Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the unavailable and unearned revenue are as follows:

	<u>Unearned</u>
Branch materials	<u>\$ 2,000</u>

**Note 8 - Tax Abatements**

The Library receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City Saginaw, Zilwaukee Township, and Kochville Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties

For the fiscal year ended June 30, 2018, the Library's property tax revenue was not materially reduced under these programs.

**Note 9 - Employee Retirement and Benefit Systems - MERS**

**Defined benefit pension plan**

Plan description – The Library participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the Library. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging of 1.50%. Vesting periods are 10 years. Normal retirement age is 60 with early retirement at 50 with 30 years of service. Final average compensation is calculated based on 3 years. Member contributions are 4.0%.

Employees covered by benefit terms – At the December 31, 2017 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	5
Inactive employees entitled to, but not	
yet receiving benefits	8
Active employees	<u>10</u>
	<u>23</u>

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Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees 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. For the year ending June 30, 2018, employer contributions were \$23,713.

Net pension liability/asset – The employer’s net pension liability/asset was measured as of December 31, 2017, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability/asset in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75% in the long-term; 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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

Asset class	Target Allocation	Long-term expected real rate of return
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount rate – The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/asset.

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**Changes in Net Pension Liability (Asset)**

**Total Pension Liability**

Service cost	\$ 46,900
Interest on the total pension liability	132,752
Benefit payments and refunds	(50,488)
Experience difference	<u>(44,968)</u>
Net change in total pension liability	84,196
Total pension liability - beginning	<u>1,661,193</u>
Total pension liability - ending (a)	<u>\$ 1,745,389</u>

**Plan Fiduciary Net Position**

Employee contributions	\$ 21,275
Pension plan net investment income	329,445
Benefit payments and refunds	(50,488)
Pension plan administrative expense	<u>(5,212)</u>
Net change in plan fiduciary net position	307,266
Plan fiduciary net position - beginning	<u>2,477,766</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,785,032</u>
Net pension liability (asset) (a-b)	<u>\$ (1,039,643)</u>

Plan fiduciary net position as a percentage of total pension liability	159.57%
Covered employee payroll	\$ 559,002
Net pension liability (asset) as a percentage of covered employee payroll	-185.98%

Sensitivity of the net pension liability/asset to changes in the discount rate – The following presents the net pension liability/asset of the employer, calculated using the discount rate of 8.0%, as well as what the employer’s net pension liability/asset would be using a discount rate that is 1% point lower (7%) or 1% higher (9%) than the current rate.

	1% Increase	Current Discount Rate	1% Decrease
Total pension liability	\$ 1,505,985	\$ 1,745,389	\$ 1,943,523
Valuation assets	<u>2,785,032</u>	<u>2,785,032</u>	<u>2,785,032</u>
Net pension asset	<u>\$ 1,279,047</u>	<u>\$ 1,039,643</u>	<u>\$ 841,509</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2018, the employer recognized pension expense of \$23,713. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Total to Amortize
Differences in experience	\$ -	\$ (101,536)	\$ (101,536)
Differences in assumptions	36,259	-	36,259
Excess (deficit) investment returns	-	(59,850)	(59,850)
Contributions subsequent to the measurement date*	<u>11,467</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 47,726</u>	<u>\$ (161,386)</u>	<u>\$ (125,127)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2019.



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

Year Ended,	
2019	\$ (24,521)
2020	(31,397)
2021	(42,787)
2022	(26,422)
	\$ (125,127)

**Note 10 - Pension Plan and Post-Employment Benefits - MPSERS**

**Plan Description**

The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State), originally created under Public Act 136 of 1945, recodified, and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for DB plan members are determined by final average compensation and years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20 year period for the plan's 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2017.

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	19.03%
Member Investment Plan	3.0 - 7.0%	19.03%
Pension Plus	3.0 - 6.4%	18.40%
Defined Contribution	0.0%	15.27%

Required contributions to the pension plan from the Library were \$155,799 for the year ending September 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

June 30, 2018, the Library reported a liability of \$1,721,318 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2016. The Library's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2017, the Library's proportionate share percent was 0.00664 percent, which was a decrease of 0.00067 from its proportion measured as of September 30, 2016. At September 30, 2017, the total pension expense for the Library was \$39,599.

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At June 30, 2018, 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	Total to Amortize
Difference between expected and actual experience	\$ 14,959	\$ 8,446	\$ 6,513
Changes in assumptions	188,584	-	188,584
Net difference between projected and actual earnings on pension plan investments	-	82,290	(82,290)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,713	320,795	(319,082)
Employer contributions subsequent to the measurement date	147,946	82,161	-
<b>Total</b>	<b>\$ 353,202</b>	<b>\$ 493,692</b>	<b>\$ (206,275)</b>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Plan Year (To Be Recognized in Future Pension Expenses)	
2018	\$ (107,460)
2019	(54,723)
2020	(21,615)
2021	(22,477)
	<b>\$ (206,275)</b>

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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.

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of Return:
  - MIP and Basic Plans (Non-Hybrid): 7.5%
  - Pension Plus Plan (Hybrid): 7.0%
- Projected Salary Increases: 3.5 - 12.3%, including wage inflation at 3.5%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the

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September 30, 2014 valuation. The total pension liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5188

The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.6 %
Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
	100.0%	

*\*Long-term rates of return are net of administrative expenses and 2.3% inflation.*

**Rate of Return**

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**Discount Rate**

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member 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 member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

**Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Library's proportionate share of the net pension liability, calculated using a discount rate of 7.5% (7.0% for the Hybrid Plan), as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid)* 6.5% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 7.5% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 8.5% / 8.0%
\$ 2,242,305	\$ 1,721,318	\$ 1,282,680

*\*The Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.*

**Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the Pension Plan**

There were no significant payables to the pension plan that are not ordinary accruals to the Library.

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with

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whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement

healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20-year period for the 2017 fiscal year.

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The schedule below summarizes OPEB contribution rates in effect for fiscal year 2017.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	5.91%
Personal Healthcare Fund (PHF)	0.0%	5.69%

Required contributions to the OPEB plan from the Library were \$51,751 for the year ended September 30, 2017.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Library reported a liability of \$588,641 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The Library's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the Library's proportion was 0.00665 percent, which was the same percent from its proportion measured as of September 30, 2016. At September 30, 2017, the total OPEB expense for the Library was \$39,163.

At June 30, 2018, 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	Total to Amortize
Difference between expected and actual experience	\$ -	\$ 6,267	\$ (6,267)
Net difference between projected and actual earnings on OPEB plan investments	-	13,633	(13,633)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	940	(940)
Employer contributions subsequent to the measurement date	27,140	-	-
<b>Total</b>	<b>\$ 27,140</b>	<b>\$ 20,840</b>	<b>\$ (20,840)</b>

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Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Plan Year  
 (To Be Recognized in Future OPEB Expenses)

2018	\$ (5,019)
2019	(5,019)
2020	(5,019)
2021	(5,019)
2022	(764)
	\$ (20,840)

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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.

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%

- Investment Rate of Return: 7.5%
- Projected Salary Increases: 3.5 - 12.3%, including wage inflation at 3.5%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

*Other Assumptions:*

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total OPEB liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.4744



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The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.6 %
Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 11.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member 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 member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

**Sensitivity of the Library's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Library's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
\$ 689,469	\$ 588,641	\$ 503,070

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Sensitivity of the Library's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

The following presents the Library's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the Library's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.5%	Current Healthcare Cost Trend Rate 7.5%	1% Increase 8.5%
\$ 498,500	\$ 588,641	\$ 690,990

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2017 MPERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the Library.

**Note 12 - Long-Term Debt**

Other long-term obligations include compensated absences, claims and judgements, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Compensated absences	\$ 198,707	\$ 72,182	\$ 90,003	\$ 180,886	\$ 90,003

**Note 13 - Eliminating Entries**

All significant interfund transactions between the Library and its component units, Hoyt Trust and Saginaw Public Library Foundation, have been eliminated in the consolidated statements. These were for contractual rent payments that the Library owed the Hoyt Trust totaling \$192,505 and \$103,095 from Zauel to the Library for a contractual management fee. These two transactions make up the total contract income elimination of \$295,600 on the statement of revenues, expenditures and changes in fund balance.

Also there was a contribution for \$1,000,000 from Public Libraries of Saginaw, Michigan to the Hoyt Trust for the Hoyt Trust renovation project. This was eliminated on the statement of revenues, expenditures and changes in fund balance.

**Note 14 - Risk Management**

The Library participated in a self-insurance program through the Middle Cities Association. This program provides substantially all the insurance needs of the Library including property, general liability, automobile, umbrella, and library commission legal liability. Payments made for the year ended June 30, 2018 were \$17,592 for the governmental activities and \$7,455 was paid from the component units. The contributions made by the Library fund the program at two times the expected claims. The possibility of additional claims does exist, but any liability to the Library would be immaterial due to the aggregate stop-loss coverage. There is also a possibility of a refund due the Library. Therefore, no contingent liabilities or assets have been recognized on the Library's financial statements for the year ended June 30, 2018. The Library uses a commercial carrier for its workers' compensation insurance. There have been no claims for commercial insurance for the last three years.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**Note 15 - Adoption of New Accounting Standard**

As indicated in Note 1, the Library has adopted Governmental Accounting Standards Board Statement 75. This required the Library to record their proportionate share of the net OPEB liability and OPEB expense. Previously, these amounts were not recorded on the Library's statements. The standards require this change to be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 by \$569,646, restating it from \$17,168,305 to \$16,598,659.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
<b>Revenues</b>				
Current local taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,498,801	\$ (1,199)
Interest on delinquent taxes	10,000	10,000	11,420	1,420
Payments in lieu of taxes	45,000	45,000	29,147	(15,853)
Personal property tax reimbursement	100,000	100,000	221,581	121,581
Delinquent taxes	9,000	9,000	5,189	(3,811)
Contract income	847,595	847,595	846,277	(1,318)
State aid	78,000	78,000	91,157	13,157
State aid - Unfunded Actuarial Accrued Liability (UAAL)	-	82,161	82,161	-
Grants	24,000	31,000	32,953	1,953
Contributions and gifts	85,500	95,580	26,437	(69,143)
Book fines and fees	37,600	37,600	28,401	(9,199)
Penal fines	390,000	390,000	800,582	410,582
Telefacsimile fees	6,000	6,000	9,181	3,181
Copy machines	7,500	7,500	6,620	(880)
Investment interest	11,000	11,000	19,767	8,767
Universal service fund	34,000	34,000	20,257	(13,743)
Concessions	25,000	25,000	23,564	(1,436)
Processing data entry	37,080	37,080	37,080	-
Miscellaneous	100	100	-	(100)
	<u>4,247,375</u>	<u>4,346,616</u>	<u>4,790,575</u>	<u>443,959</u>
Total revenues				

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Over (Under) Final Budget
<b>Expenditures</b>				
Main Library	\$ 2,377,585	\$ 3,467,458	\$ 3,104,910	\$ (362,548)
ZaueI	838,475	848,555	747,530	(101,025)
Butman Fish	758,360	795,148	668,895	(126,253)
Ruth Brady Wickes	<u>197,130</u>	<u>196,130</u>	<u>186,481</u>	<u>(9,649)</u>
 Total expenditures	 <u>4,171,550</u>	 <u>5,307,291</u>	 <u>4,707,816</u>	 <u>(599,475)</u>
 Excess (deficiency) of revenues over expenditures	 <u>75,825</u>	 <u>(960,675)</u>	 <u>82,759</u>	 <u>1,043,434</u>
 Fund balance - beginning of year	 <u>6,841,923</u>	 <u>6,841,923</u>	 <u>6,841,923</u>	 <u>-</u>
 <b>Fund balance - end of year</b>	 <u><b>\$ 6,917,748</b></u>	 <u><b>\$ 5,881,248</b></u>	 <u><b>\$ 6,924,682</b></u>	 <u><b>\$ 1,043,434</b></u>

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employer Contributions**  
**June 30, 2018**

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2008	\$ 78,423	\$ 78,423	\$ -	\$ 865,224	9.06%
12/31/2009	81,791	81,791	-	982,932	8.32%
12/31/2010	77,789	77,789	-	1,001,734	7.77%
12/31/2011	34,030	44,601	(10,571)	982,259	4.54%
12/31/2012	-	76,851	(76,851)	1,001,295	7.68%
12/31/2013	-	77,229	(77,229)	988,847	7.81%
12/31/2014	-	70,939	(70,939)	736,968	9.63%
12/31/2015	-	28,196	(28,196)	757,301	3.72%
12/31/2016	-	-	-	584,291	-
12/31/2017	-	12,246	(12,246)	559,002	2.19%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	10-15 years
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	2014 Group annuity mortality table of 50% male and 50% female blend

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**June 30, 2018**

Fiscal year ended June 30,	2018	2017	related amounts	2015
<b>Total Pension Liability</b>				
Service cost	\$ 46,900	\$ 48,087	\$ 61,871	\$ 60,210
Interest on the total pension liability	132,752	132,012	115,439	103,705
Benefit payments and refunds	(50,488)	(35,899)	(25,745)	(16,866)
Experience differences	(44,968)	(127,064)	(8,559)	-
Changes in actuarial assumptions	-	-	72,516	-
Other changes	-	-	3,608	3,241
	<u>84,196</u>	<u>17,136</u>	<u>219,130</u>	<u>150,290</u>
Net change in total pension liability	84,196	17,136	219,130	150,290
Total pension liability - beginning	<u>1,661,193</u>	<u>1,644,057</u>	<u>1,424,927</u>	<u>1,274,638</u>
Total pension liability - ending (a)	<u>\$ 1,745,389</u>	<u>\$ 1,661,193</u>	<u>\$ 1,644,057</u>	<u>\$ 1,424,928</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 12,246	\$ -	\$ 28,196	\$ 70,939
Employee contributions	21,275	26,059	28,318	33,797
Pension plan net investment income (loss)	329,445	257,170	(35,171)	131,380
Benefit payments and refunds	(50,488)	(35,899)	(25,745)	(16,866)
Pension plan administrative expense	<u>(5,212)</u>	<u>(5,072)</u>	<u>(5,017)</u>	<u>(4,867)</u>
	<u>307,266</u>	<u>242,258</u>	<u>(9,419)</u>	<u>214,383</u>
Net change in plan fiduciary net position	307,266	242,258	(9,419)	214,383
Plan fiduciary net position - beginning	<u>2,477,766</u>	<u>2,235,508</u>	<u>2,244,927</u>	<u>2,030,545</u>
Plan fiduciary net position - ending (b)	<u>2,785,032</u>	<u>2,477,766</u>	<u>2,235,508</u>	<u>2,244,928</u>
Net pension liability (asset) (a-b)	<u>\$ (1,039,643)</u>	<u>\$ (816,573)</u>	<u>\$ (591,451)</u>	<u>\$ (820,000)</u>
Plan fiduciary net position as a percentage of total pension liability	159.57%	149.16%	135.98%	157.55%
Covered employee payroll	\$ 559,002	\$ 584,291	\$ 757,301	\$ 736,969
Net pension liability (asset) as a percentage of covered employee payroll	(185.98%)	(139.75%)	(78.10%)	(111.27%)

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employers' Net Pension Liability (Asset)**  
**June 30, 2018**

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability (Asset)	Covered Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
2015	\$ 1,424,927	\$ 2,244,927	\$ (820,000)	157.55%	\$ 736,968	-111.27%
2016	1,644,057	2,235,508	(591,451)	135.98%	757,301	-78.10%
2017	1,661,193	2,477,766	(816,573)	149.16%	584,291	-139.75%
2018	1,745,389	2,785,032	(1,039,643)	159.57%	559,002	-185.98%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.



**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Schedule of the Library's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. Library's proportion of net pension liability (%)	0.00664%	0.00731%	0.00766%	0.00935%						
B. Library's proportionate share of net pension liability	\$ 1,721,318	\$ 1,824,556	\$ 1,870,730	\$ 2,058,650						
C. Library's covered-employee payroll	\$ 531,422	\$ 583,558	\$ 640,045	\$ 795,892						
D. Library's proportionate share of net pension liability as a percentage of its covered-employee payroll	323.91%	312.66%	292.28%	258.66%						
E. Plan fiduciary net position as a percentage of total pension liability	64.21%	63.27%	63.17%	66.20%						

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2017.

Changes in benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2017.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Schedule of the Library's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. Statutorily required contributions	\$ 171,289	\$ 113,431	\$ 116,481	\$ 148,561						
B. Contributions in relation to statutorily required contributions	<u>171,289</u>	<u>113,431</u>	<u>116,481</u>	<u>148,561</u>						
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
D. Library's covered-employee payroll	\$ 480,933	\$ 596,730	\$ 580,684	\$ 690,035						
E. Contributions as a percentage of covered-employee payroll	35.62%	19.01%	20.06%	21.53%						

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Schedule of the Library's Proportionate Share of the Net OPEB Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
A. Library's proportion of net OPEB liability (%)	0.00665%									
B. Library's proportionate share of net OPEB liability	\$ 588,641									
C. Library's covered-employee payroll	\$ 531,422									
D. Library's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	110.77%									
E. Plan fiduciary net position as a percentage of total OPEB liability	36.39%									

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2017.

Changes in benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2017.

**Public Libraries of Saginaw, Michigan and Component Units**  
**Required Supplementary Information**  
**Schedule of the Library's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. Statutorily required contributions	\$ 34,120									
B. Contributions in relation to statutorily required contributions	<u>34,120</u>									
C. Contribution deficiency (excess)	<u>\$ -</u>									
D. Library's covered-employee payroll	\$ 480,933									
E. Contributions as a percentage of covered-employee payroll	7.09%									

**Public Libraries of Saginaw, Michigan and Component Units**  
**Other Supplementary Information**  
**Schedule of Expenditures**  
**Year Ended June 30, 2018**

	Year Ended June 30, 2018									
	Main	Zauel	Butman Fish	Ruth Brady Wickes	Hoyt Trust	Saginaw Public Libraries Foundation	Total Actual	Budget	Over (Under) Budget	2017 Actual
Salaries - professional and semi-professional	\$ 825,461	\$ 200,417	\$ 205,581	\$ 73,017	\$ -	\$ -	\$ 1,304,476	\$ 1,310,725	\$ (6,249)	\$ 1,331,758
Salaries - secretaries	111,457	85,050	85,224	-	-	-	281,731	293,000	(11,269)	282,137
Salaries - page	64,106	53,695	51,813	8,190	-	-	177,804	202,900	(25,096)	167,082
Salaries - substitute	14,936	11,110	8,504	2,995	-	-	37,545	45,680	(8,135)	39,965
Employee Benefits	432,835	85,593	82,769	22,698	-	-	623,895	722,786	(98,891)	639,683
Books and periodicals	140,945	98,527	77,350	20,424	-	5,000	342,246	392,005	(49,759)	324,581
Utilities and telephone	33,587	8,692	29,771	9,711	89,501	-	171,262	201,350	(30,088)	197,633
Supplies and materials	47,140	14,915	6,412	2,008	-	1,366	71,841	97,450	(25,609)	54,577
Repairs and maintenance Programs	1,000,075	-	44,350	13,748	56,303	-	1,114,476	1,122,900	(8,424)	98,067
	19,892	3,708	1,849	1,495	-	-	26,944	49,800	(22,856)	24,982
Contractual expenses	322,088	119,747	60,389	28,954	9,333	-	540,511	594,445	(53,934)	516,406
Professional and legal	34,058	6,106	-	-	3,000	3,080	46,244	48,350	(2,106)	38,355
Loss on disposal	-	-	-	-	-	-	-	-	-	48,000
Furniture and equipment	68,657	6,077	44,957	1,984	150,806	-	272,481	368,400	(95,919)	205,030
Insurance	-	1,000	-	-	7,455	-	8,455	10,500	(2,045)	8,855
Data processing	85,119	55,958	2,464	623	-	-	144,164	162,600	(18,436)	143,104
Miscellaneous	91,253	359	409	634	16,000	9,740	118,395	140,500	(22,105)	133,247
Change in MERS	<u>(186,699)</u>	<u>(3,424)</u>	<u>(32,947)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,070)</u>	<u>-</u>	<u>(223,070)</u>	<u>(225,122)</u>
Total expenditures	<u>\$ 3,104,910</u>	<u>\$ 747,530</u>	<u>\$ 668,895</u>	<u>\$ 186,481</u>	<u>\$ 332,398</u>	<u>\$ 19,186</u>	<u>\$ 5,059,400</u>	<u>\$ 5,763,391</u>	<u>\$ (703,991)</u>	<u>\$ 4,028,340</u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplementary Information**  
**General Fund (Excluding Zauel)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2018**

	Year Ended June 30, 2018			Year Ended June 30, 2017 Actual
	Budget	Actual	Over (Under) Budget	
<b>Revenues</b>				
Current local taxes	\$ 2,500,000	\$ 2,498,801	\$ (1,199)	\$ 2,493,884
Payments in lieu of taxes	45,000	29,147	(15,853)	45,358
Delinquent taxes	9,000	5,189	(3,811)	3,489
Personal property tax reimbursement	100,000	221,581	121,581	212,730
Interest on delinquent taxes	10,000	11,420	1,420	12,979
Contract income	134,595	142,506	7,911	134,717
State aid	54,000	61,208	7,208	54,944
State aid - Unfunded Actuarial Accrued Liability (UAAL)	82,161	82,161	-	75,013
Grants	31,000	32,953	1,953	32,000
Contributions and gifts	73,500	12,037	(61,463)	58,227
Book fines and fees	20,500	17,329	(3,171)	17,748
Penal fines	265,000	538,365	273,365	-
Telefacsimile fees	4,000	6,812	2,812	7,484
Copy machines	5,000	4,641	(359)	4,741
Investment interest	9,000	16,824	7,824	22,584
Processing data entry	37,080	37,080	-	37,080
Universal service fund	28,400	15,592	(12,808)	23,873
Concessions	15,000	14,534	(466)	18,014
<b>Total revenues</b>	<b>3,423,236</b>	<b>3,748,180</b>	<b>324,944</b>	<b>3,254,865</b>

**Public Libraries of Saginaw, Michigan**  
**Other Supplementary Information**  
**General Fund (Excluding Zauel)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2018**

	Year Ended June 30, 2018			Year Ended June 30, 2017 Actual
	Budget	Actual	Over (Under) Budget	
<b>Expenditures</b>				
Main Library	\$ 3,467,458	\$ 3,104,910	\$ (362,548)	\$ 2,133,800
Butman Fish	795,148	668,895	(126,253)	671,863
Ruth Brady Wickes	196,130	186,481	(9,649)	102,795
	<u>4,458,736</u>	<u>3,960,286</u>	<u>(498,450)</u>	<u>2,908,458</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(1,035,500)	(212,106)	823,394	346,407
Fund balance - beginning of year	<u>6,002,251</u>	<u>6,002,251</u>	<u>-</u>	<u>5,655,844</u>
<b>Fund balance - end of year</b>	<u>\$ 4,966,751</u>	<u>\$ 5,790,145</u>	<u>\$ 823,394</u>	<u>\$ 6,002,251</u>

**Public Libraries of Saginaw, Michigan and Component Units**  
**Other Supplementary Information**  
**Schedule of Zauel Branch Revenues and Expenditures - Budget and Actual**  
**Year Ended June 30, 2018**

	Year Ended June 30, 2018			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2017 Actual
<b>Revenues</b>				
Saginaw Township	\$ 713,000	\$ 703,771	\$ (9,229)	\$ 703,316
State aid	24,000	29,949	5,949	26,886
Book fines and fees	17,100	11,072	(6,028)	13,458
Penal fines	125,000	262,217	137,217	-
Copy machines	2,500	1,979	(521)	1,798
Concessions	10,000	9,030	(970)	9,911
Telefacsimile fees	2,000	2,369	369	2,812
Universal service fund	5,600	4,665	(935)	3,664
Interest	2,000	2,943	943	2,293
Contributions and gifts	22,080	14,400	(7,680)	17,329
Miscellaneous	100	-	(100)	2,068
Total revenue	<u>923,380</u>	<u>1,042,395</u>	<u>119,015</u>	<u>783,535</u>
<b>Expenditures</b>				
Salaries - professional and semi-professional	223,025	200,417	(22,608)	203,628
Salaries - secretaries	92,000	85,050	(6,950)	86,458
Salaries - page	59,000	53,695	(5,305)	52,685
Salaries - substitute	16,000	11,110	(4,890)	13,869
Employee Benefits	104,375	85,593	(18,782)	81,430
Books and periodicals	115,980	98,527	(17,453)	84,287
Utilities and telephone	8,800	8,692	(108)	8,167
Supplies and materials	18,850	14,915	(3,935)	11,140
Programs	6,500	3,708	(2,792)	3,315
Contractual expenses	126,095	119,747	(6,348)	127,818



**Public Libraries of Saginaw, Michigan and Component Units**  
**Other Supplementary Information**  
**Schedule of Zauel Branch Revenues and Expenditures - Budget and Actual**  
**Year Ended June 30, 2018**

	Year Ended June 30, 2018			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2017 Actual
Total brought forward	\$ 770,625	\$ 681,454	\$ (89,171)	\$ 672,797
Professional and legal	6,000	6,106	106	5,074
Furniture and equipment	9,950	6,077	(3,873)	22,231
Insurance	1,500	1,000	(500)	1,000
Data processing	58,730	55,958	(2,772)	55,653
Miscellaneous	1,750	359	(1,391)	4,824
Change in MERS	-	(3,424)	(3,424)	(3,424)
Total expenditures	<u>848,555</u>	<u>747,530</u>	<u>(101,025)</u>	<u>758,155</u>
Excess of revenues over expenditures	<u>\$ 74,825</u>	<u>\$ 294,865</u>	<u>\$ 220,040</u>	<u>\$ 25,380</u>