

Public Libraries of Saginaw, Michigan and Component Units

Financial Statements

June 30, 2020



Table of Contents

<u>Section</u>		<u>Page</u>
1	List of Appointed Officials	1 – 1
2	Independent Auditors' Report	2 – 1
3	Management's Discussion and Analysis	3 – 1
4	Basic Financial Statements	
	Government-wide Financial Statements	
	Statement of Net Position	4 – 1
	Statement of Activities	4 – 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 9
	Notes to the Financial Statements	4 – 10

<u>Section</u>		<u>Page</u>
5	Required Supplementary Information	
	Budgetary Comparison Schedule - General Fund	5 – 1
	Schedule of Employer Contributions - MERS	5 – 3
	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - MERS	5 – 4
	Schedule of the Library's Proportionate Share of the Net Pension Liability - MPSERS	5 – 5
	Schedule of the Library's Pension Contributions - MPSERS	5 – 6
	Schedule of the Library's Proportionate Share of the Net OPEB Liability - MPSERS	5 – 7
	Schedule of the Library's OPEB Contributions - MPSERS	5 – 8
6	Other Supplementary Information	
	Schedule of Expenditures	6 – 1
	Schedule of Revenues, Expenditures and Changes in Fund Balance (Excluding Zauel) - Budget and Actual	6 – 2
	Schedule of Zauel Branch Revenues and Expenditures - Budget and Actual	6 – 4

Public Libraries of Saginaw, Michigan and Component Units
List of Appointed Officials
June 30, 2020

Library Board

Pamela Clark	President
Ann Schneider Branch	Vice President
Vacant	Treasurer
Ralph Martin	Secretary
Bob Johnson	Board Member
Diane Kloc	Board Member
Vacant	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, 2020, 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 blended 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, 2020, 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.

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 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 Supplementary 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, 2019, which are not presented with the accompanying financial statements. In our report dated October 9, 2019, 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 2019 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 2019 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 2019 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 5, 2020

Public Libraries of Saginaw, Michigan and Component Units

Management's Discussion and Analysis

June 30, 2020

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, 2020. 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, 2020

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>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 9,448,952	\$ 9,730,008
Noncurrent assets	14,410,841	12,947,557
Deferred outflows	<u>692,270</u>	<u>914,125</u>
Total assets and deferred outflows	<u>24,552,063</u>	<u>23,591,690</u>
Liabilities		
Current liabilities	1,895,082	433,614
Noncurrent liabilities	2,337,053	2,489,906
Deferred inflows	<u>624,648</u>	<u>694,230</u>
Total liabilities and deferred inflows	<u>4,856,783</u>	<u>3,617,750</u>
Net Position		
Invested in capital assets	12,759,483	10,642,770
Restricted	4,166,074	4,872,493
Unrestricted	<u>2,769,723</u>	<u>4,458,677</u>
Total net position	<u>\$ 19,695,280</u>	<u>\$ 19,973,940</u>

The net assets for the Library were \$19,695,280 at June 30, 2020. 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, 2020

Statement of Net Assets Operating Results

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenue		
Charge for services	\$ 83,947	\$ 98,822
Operating grants and contributions	959,647	1,128,463
Capital Grants and Contributions	153,416	277,921
General revenue		
Property tax	2,510,242	2,867,174
Personal property tax reimbursement	91,384	91,728
Penal fines	285,914	305,445
State aid - unrestricted	99,825	112,555
Interest and investment earnings	70,442	117,900
Other	83,220	173,194
	<u>4,338,037</u>	<u>5,173,202</u>
Expenses		
Main Library	2,102,637	2,318,315
Zauel Library	677,237	567,712
Butman-Fish Library	720,336	745,713
Ruth Brady Wickes Library	148,590	197,562
Hoyt Trust	959,678	195,381
Saginaw Public Library Foundation	8,219	19,279
Total expenses	<u>4,616,697</u>	<u>4,043,962</u>
Change in net position	(278,660)	1,129,240
Net position, beginning of year	<u>19,973,940</u>	<u>18,844,700</u>
Net position - end of year	<u>\$ 19,695,280</u>	<u>\$ 19,973,940</u>

As shown, the net position for the Library decreased by \$278,660 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 \$4.62 million. However, the amount that was ultimately financed by our taxpayers through property taxes was \$2.51 million. Nearly 6.6% of the Library's revenue is from penal fines and 2.3% 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 Revenue</u>	<u>% of Revenue</u>	<u>Local Property Taxes</u>
2020	60%	\$ 2,484,153
2019	55%	2,509,034
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.

Budgetary Highlights

Fund balance was not used to balance the budget in 2019-2020. Revenues (excluding Zauel) for the Library decreased by approximately 11.3% and the end of year fund balance increased by 8.8%. The increase in fund balance was due to contributing \$949,300

Public Libraries of Saginaw, Michigan and Component Units
Management's Discussion and Analysis
June 30, 2020

to the Hoyt Trust for the restoration project in the prior year. Therefore, the Library is continuing to operate within current revenue collections while providing excellent library services, which is our top priority.

The MPSERS retirement plan contributions as a percentage of covered employee payroll increased from 38.99% in 2019 to 40.69% in 2020. The MERS retirement plan contribution as a percentage of covered payroll was 3.73%

Budget Adjustments

There were five budget adjustments over \$10,000 this year. A decrease of \$14,950 was made from the Butman Fish Retirement expense due to an unexpected retirement during the fiscal year. An increase of \$10,400 was made for the Butman Fish Health Insurance expense due to a new employee starting and taking health insurance during the fiscal year. An increase of \$10,000 was made for the Zauel Library Downloadable Materials due to increase usage of downloadable materials during COVID shutdowns. An increase of \$16,100 was made to Hoyt Library Maxwell Pribil Trust expenses to cover the cost of switching to Biblioboard. An increase of \$10,000 was made for Zauel Library Friends Donations due to an unexpected increase in the amount of donations.

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 less at \$91,384. 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 2019-2020 Penal Fines resulted in \$285,914 being collected instead of the budgeted amount of \$400,000.

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, 2020

Assets

Current assets

Cash and cash equivalents	\$ 6,945,353
Investments	1,747,855
Accounts receivable	41,906
Promises to give, current portion, net of discount	238,500
Due from other governmental units	411,769
Prepaid expenses	63,569
Total current assets	<u>9,448,952</u>

Noncurrent assets

Assets held by others	848,703
Promises to give, less current portion, net of discount	45,988
Capital assets not being depreciated	9,685,996
Capital assets, net of accumulated depreciation	3,073,487
MERS asset	756,667
Total noncurrent assets	<u>14,410,841</u>
Total assets	<u>23,859,793</u>

Deferred Outflows of Resources

Deferred amount relating to net pension asset - MERS	111,107
Deferred amount relating to net pension liability - MPSERS	493,302
Deferred amount relating to net OPEB liability - MPSERS	87,861
Total deferred outflows of resources	<u>692,270</u>

See Accompanying Notes to the Financial Statements

Public Libraries of Saginaw, Michigan and Component Units
Statement of Net Position
June 30, 2020

Liabilities

Current liabilities

Accounts payable	\$ 391,222
Accrued payroll and related liabilities	50,728
Accrued compensated absences	103,132
Note payable - Line of credit	1,350,000
Total current liabilities	1,895,082

Long-term liabilities

Net pension liability - MPSERS	1,948,146
Net OPEB liability - MPSERS	328,953
Accrued compensated absences	59,954
Total long-term liabilities	2,337,053
Total liabilities	4,232,135

Deferred Inflows of Resources

Deferred amount relating to net pension liability - MERS	20,824
Deferred amount relating to net pension liability - MPSERS	342,638
Deferred amount relating to net OPEB liability - MPSERS	261,186
Total deferred inflows of resources	624,648

Net position

Invested in capital assets	12,759,483
Restricted for:	
Restricted for Hoyt Trust	1,344,421
Restricted for Saginaw Public Library Foundation	1,517,286
Restricted for Zauel operations	1,304,367
Unrestricted	2,769,723
Total net position	\$ 19,695,280

See Accompanying Notes to the Financial Statements

Public Libraries of Saginaw, Michigan and Component Units
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government					
Governmental activities					
Main Library	\$ 2,102,637	\$ 67,353	\$ 67,921	\$ -	\$ (1,967,363)
ZaueI	677,237	16,594	713,115	-	52,472
Butman Fish	720,336	-	-	-	(720,336)
Ruth Brady Wickes	148,590	-	-	-	(148,590)
Hoyt Trust	959,678	-	36,175	153,416	(770,087)
Saginaw Public Library Foundation	8,219	-	142,436	-	134,217
Total governmental activities	<u>\$ 4,616,697</u>	<u>\$ 83,947</u>	<u>\$ 959,647</u>	<u>\$ 153,416</u>	<u>(3,419,687)</u>
General revenues					
Property taxes, levied for general purposes					2,480,883
Personal property tax reimbursement					91,384
Payment in lieu of taxes					29,359
Penal fines					285,914
State aid - unrestricted					99,825
Interest and investment earnings					70,442
Other					83,220
Total general revenues					<u>3,141,027</u>
Change in net position					(278,660)
Net position - beginning					<u>19,973,940</u>
Net position - ending					<u>\$ 19,695,280</u>

See Accompanying Notes to the Financial Statements

Public Libraries of Saginaw, Michigan and Component Units
Balance Sheet
June 30, 2020

	Primary Government	Component Units			Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Libraries Foundation	Eliminating Entries	2020
Assets					
Current assets					
Cash and cash equivalents	\$ 2,740,147	\$ 3,258,406	\$ 946,800	\$ -	\$ 6,945,353
Investments	-	1,172,369	575,486	-	1,747,855
Accounts receivable	31,263	10,643	-	-	41,906
Promises to give, current portion, net of discount	-	238,500	-	-	238,500
Interest receivable	21,727	-	-	(21,727)	-
Due from other governmental units	411,769	-	-	-	411,769
Loan receivable	3,000,000	-	-	(3,000,000)	-
Prepaid expenses	63,569	-	-	-	63,569
Total current assets	<u>6,268,475</u>	<u>4,679,918</u>	<u>1,522,286</u>	<u>(3,021,727)</u>	<u>9,448,952</u>
Noncurrent assets					
MERS asset	756,667	-	-	-	756,667
Promises to give, less current portion, net of discount	-	45,988	-	-	45,988
Assets held by others	-	848,703	-	-	848,703
Capital assets	-	9,650,996	-	-	9,650,996
Total noncurrent assets	<u>756,667</u>	<u>10,545,687</u>	<u>-</u>	<u>-</u>	<u>11,302,354</u>
Total assets	<u>\$ 7,025,142</u>	<u>\$ 15,225,605</u>	<u>\$ 1,522,286</u>	<u>\$ (3,021,727)</u>	<u>\$ 20,751,306</u>

See Accompanying Notes to the Financial Statements

Public Libraries of Saginaw, Michigan and Component Units
Balance Sheet
June 30, 2020

	Primary Government	Component Units			Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Libraries Foundation	Eliminating Entries	2020
Liabilities					
Current liabilities					
Accounts payable	\$ 63,821	\$ 322,401	\$ 5,000	\$ -	\$ 391,222
Accrued payroll and related liabilities	45,564	26,891	-	(21,727)	50,728
Line of credit	-	1,350,000	-	-	1,350,000
Total current liabilities	109,385	1,699,292	5,000	(21,727)	1,791,950
Noncurrent liabilities					
Mortgage payable	-	3,000,000	-	(3,000,000)	-
Total liabilities	109,385	4,699,292	5,000	(3,021,727)	1,791,950
Deferred inflows of resources					
Unavailable revenue					
Property taxes	\$ 33,574	\$ -	\$ -	\$ -	\$ 33,574
Payment in lieu of taxes	29,359	-	-	-	29,359
Total deferred inflows of resources	62,933	-	-	-	62,933
Fund balance					
Non spendable for					
Prepaid expense	63,569	-	-	-	63,569
MERS asset	756,667	-	-	-	756,667
Invested in capital assets	-	9,650,996	-	-	9,650,996
Restricted					
ZaueI operations	1,304,367	-	-	-	1,304,367
Hoyt Trust	-	1,344,421	-	-	1,344,421
Saginaw Public Libraries Foundation	-	-	1,517,286	-	1,517,286
Committed for:					
Technology upgrade	634,960	-	-	-	634,960
Materials	298,763	-	-	-	298,763
Procurements and operations	389,450	-	-	-	389,450
Unassigned (deficit)	3,405,048	(469,104)	-	-	2,935,944
Total fund balance	6,852,824	10,526,313	1,517,286	-	18,896,423
Total liabilities, deferred inflows of resources, and fund balance	\$ 7,025,142	\$ 15,225,605	\$ 1,522,286	\$ (3,021,727)	\$ 20,751,306

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, 2020

Total fund balance		\$ 18,896,423
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		33,574
Payment in lieu of taxes		29,359
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		886,552
Accumulated depreciation		(4,821,322)
Certain liabilities are not due and payable in the current period and are not reported in the funds.		
Compensated absences payable		(163,086)
Deferred outflows (inflows) or resources.		
Deferred outflow of resources resulting from net pension asset - MERS		111,107
Deferred inflow of resources resulting from net pension asset - MERS		(20,824)
Deferred outflow of resources resulting from net pension liability - MPSERS		493,302
Deferred inflow of resources resulting from net pension liability - MPSERS		(342,638)
Deferred outflow of resources resulting from net OPEB liability - MPSERS		87,861
Deferred inflow of resources resulting from net OPEB liability - MPSERS		(261,186)
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		(1,948,146)
Net OPEB liability - MPSERS		(328,953)
Net position of governmental activities		<u>\$ 19,695,280</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, 2020

	Primary Government	Component Units			Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Library Foundation	Eliminating Entries	June 30, 2020
Revenues					
Current local taxes	\$ 2,484,123	\$ -	\$ -	\$ -	\$ 2,484,123
Interest on delinquent taxes	299	-	-	-	299
Payments in lieu of taxes	34,962	-	-	-	34,962
Personal property tax reimbursement	91,384	-	-	-	91,384
Delinquent taxes	3,270	-	-	-	3,270
Contract income	834,588	159,969	-	(268,888)	725,669
State aid	99,825	-	-	-	99,825
State aid - Unfunded Actuarial Accrued Liability (UAAL)	72,420	-	-	-	72,420
Grants	22,000	-	-	-	22,000
Contributions and gifts	33,367	185,913	142,436	-	361,716
Book fines and fees	18,009	-	-	-	18,009
Penal fines	285,914	-	-	-	285,914
Telefacsimile fees	6,670	-	-	-	6,670
Copy machines	4,684	-	-	-	4,684
Investment income	20,397	11,990	4,462	-	36,849
Loan interest	87,986	-	-	(87,986)	-
Unrealized and realized gains on investments	-	30,133	19,733	-	49,866
Change in value of assets held by others	-	(16,273)	-	-	(16,273)
Universal service fund	10,800	-	-	-	10,800
Concessions	17,504	-	-	-	17,504
Processing data entry	37,080	-	-	-	37,080
Miscellaneous	-	3,678	-	-	3,678
Total revenues	4,165,282	375,410	166,631	(356,874)	4,350,449

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, 2020

	Primary Government	Component Units			Total Reporting Entity
	General Fund	Hoyt Trust	Saginaw Public Library Foundation	Eliminating Entries	June 30, 2020
Expenditures					
Main Library	\$ 2,030,959	\$ -	\$ -	\$ (159,969)	\$ 1,870,990
Zael	783,520	-	-	(108,919)	674,601
Butman Fish	678,658	-	-	-	678,658
Ruth Brady Wickes	149,153	-	-	-	149,153
Hoyt Trust	-	1,047,664	-	(87,986)	959,678
Saginaw Public Libraries Foundation	-	-	8,219	-	8,219
	<u>3,642,290</u>	<u>1,047,664</u>	<u>8,219</u>	<u>(356,874)</u>	<u>4,341,299</u>
Total expenditures					
	3,642,290	1,047,664	8,219	(356,874)	4,341,299
Excess (deficiency) of revenues over expenditures	522,992	(672,254)	158,412	-	9,150
Fund balance - beginning of year	<u>6,329,832</u>	<u>11,198,567</u>	<u>1,358,874</u>	<u>-</u>	<u>18,887,273</u>
Fund balance - end of year	<u>\$ 6,852,824</u>	<u>\$ 10,526,313</u>	<u>\$ 1,517,286</u>	<u>\$ -</u>	<u>\$ 18,896,423</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, 2020

Net change in fund balances	\$	9,150
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		(398,305)
Library books		137,194
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Property taxes		(6,809)
Payment in lieu of taxes		(5,603)
Change in compensated absences payable		14,128
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		(70,873)
Net change in net pension liability - MPSERS		20,316
Net change in the deferrals of resources related to the net pension liability - MPSERS		(27,218)
Net change in net OPEB liability - MPSERS		103,542
Net change in the deferrals of resources related to the net OPEB liability - MPSERS		<u>(54,182)</u>
Change in net position of governmental activities	\$	<u>(278,660)</u>

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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.

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.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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 refundable 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.

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

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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, 2020 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.

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.

Postemployment Benefits Other Than Pensions (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.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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.

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. 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.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements.

Upcoming Accounting and Reporting Changes

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

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 activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

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, 2022.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to

significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

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:

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.

A public hearing is conducted to obtain taxpayer comments.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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.

The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. The budget was amended at its June meeting.

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	\$ 2,740,147	\$ 4,205,206	\$ 6,945,353
Investments	-	1,747,855	1,747,855
Assets held by others	-	848,703	848,703
Total	\$ 2,740,147	\$ 6,801,764	\$ 9,541,911

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	\$ 2,739,537	\$ 4,205,206	\$ 6,944,743
Investments in securities, mutual funds, and similar vehicles	-	1,747,855	1,747,855
Petty cash and cash on hand	610	-	610
Assets held by others	-	848,703	848,703
Total	\$ 2,740,147	\$ 6,801,764	\$ 9,541,911

As of June 30, 2020, the Public Libraries of Saginaw, Michigan and Component Units investments consisted of the following:

	Governmental Activities	Hoyt Trust	Saginaw Public Libraries Foundation	Total Component Units
Mutual funds - equity	\$ -	\$ 612,324	\$ 162,519	\$ 774,843
Mutual funds - fixed income	-	464,092	412,967	877,059
Alternative investments	-	95,953	-	95,953
Total investments	\$ -	\$ 1,172,369	\$ 575,486	\$ 1,747,855
		<u>Cost</u>	<u>Fair Value</u>	
Assets held by others		<u>\$ 603,570</u>	<u>\$ 848,703</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

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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.

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, 2020, the Library's and the component units' bank balances was in excess of the amount insured by the FDIC by \$829,457 and \$3,424,080, respectively.

Note 4 - Promises to Give

Promises to give are scheduled to be collected as follows:

2021	\$	238,500
2022		27,500
2023		<u>20,000</u>
		286,000
Less discount to fair value		<u>(1,512)</u>
		<u>\$ 284,488</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 0.43%.

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, 2020:

- Mutual funds of \$1,747,855 are valued using quoted market prices (Level 1 inputs).
- Assets held by others of \$848,703 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 \$284,488 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, 2020 for items measured on a recurring basis using significant unobservable inputs (Level 3) are as follows:

Beginning balance	1,221,465
Add: new pledges	15,000
Less: collections	(234,500)
Change in discount to fair value	52,523
Write-offs	<u>(770,000)</u>
Ending balance	<u>\$ 284,488</u>

During fiscal year ending June 30, 2020, \$770,000 of pledges receivable were deemed not be collectable and were written off as bad debt. These became uncollectible due to Hoyt Trust not meeting the conditions as set forth by the funder.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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

	Fair value at June 30, 2020	Valuation techniques	Unobservable input	Range (weighted average)
Promises to give	\$ 284,488	Present value of future cash flows	Interest rate Years	0.43% 2 - 3 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, 2019	Additions	Disposals	Balance June 30, 2020
Primary Government				
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	1,019,564	-	-	1,019,564
Leasehold improvements	3,722,578	-	-	3,722,578
Library books	970,693	137,194	221,335	886,552
Total capital assets being depreciated	7,978,950	137,194	221,335	7,894,809
Less: Accumulated depreciation	4,644,352	398,305	221,335	4,821,322
Net capital assets being depreciated	3,334,598	(261,111)	-	3,073,487
Governmental activities capital assets, net	<u>\$ 3,369,598</u>	<u>\$ (261,111)</u>	<u>\$ -</u>	<u>\$ 3,108,487</u>
Component Units				
Capital assets not being depreciated				
Land and buildings	<u>\$ 7,273,172</u>	<u>\$ 2,377,824</u>	<u>\$ -</u>	<u>\$ 9,650,996</u>
Total capital assets not being depreciated	<u>\$ 7,308,172</u>	<u>\$ 2,377,824</u>	<u>\$ -</u>	<u>\$ 9,685,996</u>
Total capital assets, net of accumulated depreciated	<u>\$ 3,334,598</u>	<u>\$ (261,111)</u>	<u>\$ -</u>	<u>\$ 3,073,487</u>

Depreciation for the fiscal year ended June 30, 2020, amounted to \$398,305 for the primary government. The Component Units do not depreciate capital assets.

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

Governmental activities	
Main library	\$ 310,678
Zauel	19,915
Butman Fish	59,746
Ruth Brady Wickes	<u>7,966</u>
Total governmental activities	<u>\$ 398,305</u>

Note 7 - 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, 2020, the Library's property tax revenue was not materially reduced under these programs.

Note 8 - 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

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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, 2019 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	6
Inactive employees entitled to, but not	
yet receiving benefits	14
Active employees	<u>11</u>
	<u>31</u>

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, 2020, employer contributions were \$25,319.

Net pension liability/asset – The employer’s net pension liability/asset was measured as of December 31, 2019, 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, 2019 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 2.50%.

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 the December 31, 2019 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	Target Allocation Gross Rate of Return	Long - Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.00%	8.65%	5.19%	2.50%	3.70%
Global fixed income	20.00%	3.76%	0.75%	2.50%	0.30%
Private investments	20.00%	9.06%	1.81%	2.50%	1.30%

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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.

Changes in Net Pension Liability (Asset)	
Total Pension Liability	
Service cost	\$ 81,898
Interest on the total pension liability	157,158
Benefit payments and refunds	(56,740)
Experience difference	48,306
Changes in actuarial assumptions	<u>66,345</u>
Net change in total pension liability	296,967
Total pension liability - beginning	<u>1,951,892</u>
Total pension liability - ending (a)	<u>\$ 2,248,859</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 24,391
Employee contributions	23,889
Pension plan net investment income (loss)	363,514
Benefit payments and refunds	(56,740)
Pension plan administrative expense	<u>(6,266)</u>
Net change in plan fiduciary net position	348,788
Plan fiduciary net position - beginning	<u>2,656,738</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,005,526</u>
Net pension liability (asset) (a-b)	<u><u>\$ (756,667)</u></u>
Plan fiduciary net position as a percentage of total pension liability	133.65%
Covered employee payroll	\$ 654,657
Net pension liability (asset) as a percentage of covered employee payroll	-115.58%

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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%, 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
Net pension asset	<u>\$ 1,016,961</u>	<u>\$ 756,667</u>	<u>\$ 428,851</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2020, the employer recognized pension expense of \$44,366. 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	\$ 76,434	\$ (20,824)	\$ 55,610
Differences in assumptions	12,086	-	12,086
Net difference between projected and actual earning on plan investments	9,716	-	9,716
Contributions subsequent to the measurement date	<u>12,871</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 111,107</u>	<u>\$ (20,824)</u>	<u>\$ 77,412</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 2021.

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

	Year Ended,	
	2021	\$ 23,491
	2022	48,014
	2023	36,219
	2024	<u>(30,312)</u>
		<u>\$ 77,412</u>

Note 9 - Pension Plan and Post-Employment Benefits - MPSERS

Plan Description

The Michigan Public School Employees' Retirement System (System or 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.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

The System's financial statements are available on the ORS website at 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 are determined by final average compensation, 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 plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. 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.

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, 2018 valuation will be amortized over a 20-year period beginning Oct. 1, 2018 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2019.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.25%
Member Investment Plan	3.0 - 7.0%	18.25%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the Library were \$156,276 for the year ending September 30, 2019.

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

June 30, 2020, the Library reported a liability of \$1,948,146 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2018. 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, 2019, the Library's proportionate share percent was 0.00588 percent, which was a decrease of 0.00067 from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the Library recognized pension expense of \$144,053 for the measurement period. For the reporting period ending June 30, 2020, the Library recognized total pension contribution expense of \$116,966.

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Difference between expected and actual experience	\$ 8,732	\$ 8,124	\$ 608
Changes in assumptions	381,448	-	381,448
Net difference between projected and actual earnings on pension plan investments	-	62,435	(62,435)
Changes in proportion and differences between employer contributions and proportionate share of contributions	991	209,969	(208,978)
Employer contributions subsequent to the measurement date	102,131	62,110	-
Total	\$ 493,302	\$ 342,638	\$ 110,643

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, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Plan Year (To Be Recognized in Future Pension Expenses)	
2020	\$ 37,373
2021	39,911
2022	25,669
2023	7,690
	\$ 110,643

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, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.80%
 - Pension Plus Plan: 6.80%
 - Pension Plus 2 Plan: 6.00%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, 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 is 4.4977 years.

The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.5 %
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	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, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. 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 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% 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

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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 6.80% (6.80% for the Pension plus plan, 6.00% for the Pension Plus 2 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 *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
\$ 2,532,714	\$ 1,948,146	\$ 1,463,519

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

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.

Payables to the Pension Plan

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

Note 10 - 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 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.

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 with 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

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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, 2018 valuation will be amortized over a 20-year period beginning Oct. 1, 2018 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2019.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	7.93%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the Library were \$31,467 for the year ended September 30, 2019.

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

At June 30, 2020, the Library reported a liability of \$328,953 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The Library's proportion of the net OPEB liability was determined by dividing

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

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, 2019, the Library's proportion was 0.00458 percent, which was a decrease of 0.00086 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the Library recognized OPEB expense of (\$24,878) during the measurement period. For the reporting period ending June 30, 2020, the Library recognized total OPEB contribution expense of \$22,823.

At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Difference between expected and actual experience	\$ -	\$ 120,702	\$ (120,702)
Changes in assumptions	71,277	-	71,277
Net difference between projected and actual earnings on OPEB plan investments	-	5,721	(5,721)
Changes in proportion and differences between employer contributions and proportionate share of contributions	207	134,763	(134,556)
Employer contributions subsequent to the measurement date	16,377	-	-
Total	\$ 87,861	\$ 261,186	\$ (189,702)

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Plan Year (To Be Recognized in Future OPEB Expenses)	
2020	\$ (48,606)
2021	(48,606)
2022	(45,639)
2023	(33,279)
2024	(13,572)
	<u>\$ (189,702)</u>

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, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

- Investment Rate of Return: 6.95%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 3.5%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, 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 is 5.7101 years.

The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.5 %
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	<u>100.0%</u>	

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

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.37%. 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 6.95% 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 6.95%. 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 6.95%, 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 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$ 403,510	\$ 328,953	\$ 266,345

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 5.95%	Current Healthcare Cost Trend Rate 6.95%	1% Increase 7.95%
\$ 263,691	\$ 328,953	\$ 403,501

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at 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 11 - 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	\$ 177,214	\$ 89,004	\$ 103,132	\$ 163,086	\$ 103,132

Public Libraries of Saginaw, Michigan and Component Units
Notes to the Financial Statements
June 30, 2020

Note 12 - Line of Credit

Hoyt Trust has an unsecured line of credit arrangement totaling \$3,000,000. This arrangement provides for borrowing amounts for short-term use at 2.89%. As of June 30, 2020, the organization had drawn \$1,350,000 of their balance that is due back to the credit organization. Interest expense for the year was \$41,733 with accrued interest of \$5,164.

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 \$159,969 and \$108,919 from Zauel to the Library for a contractual management fee. These two transactions make up the total contract income elimination of \$268,888 on the statement of revenues, expenditures and changes in fund balance.

Also, there was a loan receivable and loan payable for \$3,000,000 from Public Libraries of Saginaw, Michigan to the Hoyt Trust for the Hoyt Trust renovation project. This was eliminated on the balance sheet. With the loan receivable and note payable, there was accrued interest receivable and payable eliminated of \$21,727. On the statement of revenues, expenditures and change in fund balance, interest income and interest expense of \$87,986 was eliminated.

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, 2020 were \$27,547 for the governmental activities and \$0 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, 2020. The Library uses a commercial carrier for its workers' compensation insurance. There have been no claims for commercial insurance for the last three years.

Note 15 - Subsequent Events

As result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, a description of known and anticipated circumstances expected to have a significant impact on the Library as of the date of management's review is as follows:

Investments – The stock market has experienced significant, double digit percentage declines and extreme volatility over the past several months leading up to the report date. The Library's investment performance is expected to experience similar volatility over the same period. The Library currently has no immediate plans to liquidate investments and remains focused on long term appreciation.

Revenues and Liquidity – The Library does not foresee significant liquidity issues at this time, however, the effect the pandemic may have on revenues is unknown. It is uncertain if taxable values will be impacted.

Accounts Receivable – The Library is prepared to see future delays in collection of accounts receivable; however, the extent of any future delays in payment remains uncertain. As of the date of the report, the Library has not experienced significant issues.

Public Libraries of Saginaw, Michigan and Component Units
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Current local taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,484,123	\$ (15,877)
Interest on delinquent taxes	11,000	11,000	299	(10,701)
Payments in lieu of taxes	35,000	35,000	34,962	(38)
Personal property tax reimbursement	100,000	100,000	91,384	(8,616)
Delinquent taxes	3,500	3,500	3,270	(230)
Contract income	862,119	862,119	834,588	(27,531)
State aid	95,000	95,000	99,825	4,825
State aid - Unfunded Actuarial Accrued Liability (UAAL)	82,000	82,000	72,420	(9,580)
Grants	21,000	21,000	22,000	1,000
Contributions and gifts	38,600	47,600	33,367	(14,233)
Book fines and fees	24,500	24,500	18,009	(6,491)
Penal fines	400,000	400,000	285,914	(114,086)
Telefacsimile fees	7,500	7,500	6,670	(830)
Copy machines	5,300	5,300	4,684	(616)
Investment interest	18,000	18,000	20,397	2,397
Loan interest	-	-	87,986	87,986
Universal service fund	12,400	12,400	10,800	(1,600)
Concessions	23,000	23,000	17,504	(5,496)
Processing data entry	37,080	37,080	37,080	-
Total revenues	<u>4,275,999</u>	<u>4,284,999</u>	<u>4,165,282</u>	<u>(119,717)</u>

Public Libraries of Saginaw, Michigan and Component Units
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Expenditures				
Main Library	\$ 2,365,540	\$ 2,366,540	\$ 2,030,959	\$ (335,581)
Zael	889,124	899,124	783,520	(115,604)
Butman Fish	731,475	731,475	678,658	(52,817)
Ruth Brady Wickes	<u>238,285</u>	<u>238,285</u>	<u>149,153</u>	<u>(89,132)</u>
 Total expenditures	 <u>4,224,424</u>	 <u>4,235,424</u>	 <u>3,642,290</u>	 <u>(593,134)</u>
 Excess of revenues over expenditures	 <u>51,575</u>	 <u>49,575</u>	 <u>522,992</u>	 <u>473,417</u>
 Fund balance - beginning of year	 <u>6,329,832</u>	 <u>6,329,832</u>	 <u>6,329,832</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 6,381,407</u>	 <u>\$ 6,379,407</u>	 <u>\$ 6,852,824</u>	 <u>\$ 473,417</u>

Public Libraries of Saginaw, Michigan and Component Units
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2020

Fiscal Year Ended	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2015	\$ 70,939	\$ 70,939	\$ -	\$ 738,147	9.61%
6/30/2016	28,196	28,196	-	750,567	3.76%
6/30/2017	-	-	-	569,922	-
6/30/2018	12,246	12,246	-	568,693	2.15%
6/30/2019	17,924	17,924	-	592,319	3.03%
6/30/2020	25,319	25,319	-	645,258	3.92%

Notes: 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.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18
Asset valuation method	10-year smoothed value of assets
Inflation	3-4%
Salary increases	4.50%
Investment rate of return	8.00%
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, 2020

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 81,898	\$ 48,609	\$ 46,900	\$ 48,087	\$ 61,871	\$ 60,210
Interest on the total pension liability	157,158	139,433	132,752	132,012	115,439	103,705
Benefit payments and refunds	(56,740)	(53,566)	(50,488)	(35,899)	(25,745)	(16,866)
Experience differences	48,306	(24,472)	(44,968)	(127,064)	(8,559)	-
Changes in actuarial assumptions	66,345	-	-	-	72,516	-
Other changes	-	96,499	-	-	3,608	3,241
	<u>296,967</u>	<u>206,503</u>	<u>84,196</u>	<u>17,136</u>	<u>219,130</u>	<u>150,290</u>
Net change in total pension liability	296,967	206,503	84,196	17,136	219,130	150,290
Total pension liability - beginning	<u>1,951,892</u>	<u>1,745,389</u>	<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>\$ 2,248,859</u>	<u>\$ 1,951,892</u>	<u>\$ 1,745,389</u>	<u>\$ 1,661,193</u>	<u>\$ 1,644,057</u>	<u>\$ 1,424,928</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 24,391	\$ 17,924	\$ 12,246	\$ -	\$ 28,196	\$ 70,939
Employee contributions	23,889	23,353	21,275	26,059	28,318	33,797
Pension plan net investment income (loss)	363,514	(110,570)	329,445	257,170	(35,171)	131,380
Benefit payments and refunds	(56,740)	(53,566)	(50,488)	(35,899)	(25,745)	(16,866)
Pension plan administrative expense	<u>(6,266)</u>	<u>(5,435)</u>	<u>(5,212)</u>	<u>(5,072)</u>	<u>(5,017)</u>	<u>(4,867)</u>
	348,788	(128,294)	307,266	242,258	(9,419)	214,383
Net change in plan fiduciary net position	348,788	(128,294)	307,266	242,258	(9,419)	214,383
Plan fiduciary net position - beginning	<u>2,656,738</u>	<u>2,785,032</u>	<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>3,005,526</u>	<u>2,656,738</u>	<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>\$ (756,667)</u>	<u>\$ (704,846)</u>	<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	133.65%	136.11%	159.57%	149.16%	135.98%	157.55%
Covered employee payroll	\$ 654,657	\$ 580,752	\$ 559,002	\$ 584,291	\$ 757,301	\$ 736,969
Net pension liability (asset) as a percentage of covered employee payroll	(115.58%)	(121.37%)	(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
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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. Library's proportion of net pension liability (%)	0.00588%	0.00655%	0.00664%	0.00731%	0.00766%	0.00935%				
B. Library's proportionate share of net pension liability	\$ 1,948,146	\$ 1,968,462	\$ 1,721,318	\$ 1,824,556	\$ 1,870,730	\$ 2,058,650				
C. Library's covered-employee payroll	\$ 396,808	\$ 460,451	\$ 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	490.95%	427.51%	323.91%	312.66%	292.28%	258.66%				
E. Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	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 2018.

Changes in benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2018.

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,						2014	2013	2012	2011
	2020	2019	2018	2017	2016	2015				
A. Statutorily required contributions	\$ 116,966	\$ 161,901	\$ 171,289	\$ 113,431	\$ 116,481	\$ 148,561				
B. Contributions in relation to statutorily required contributions	<u>116,966</u>	<u>161,901</u>	<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>	<u>\$ -</u>	<u>\$ -</u>				
D. Library's covered-employee payroll	\$ 287,477	\$ 415,241	\$ 480,933	\$ 596,730	\$ 580,684	\$ 690,035				
E. Contributions as a percentage of covered-employee payroll	40.69%	38.99%	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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. Library's proportion of net OPEB liability (%)	0.00458%	0.00544%	0.00665%							
B. Library's proportionate share of net OPEB liability	\$ 328,953	\$ 432,495	\$ 588,641							
C. Library's covered-employee payroll	\$ 396,808	\$ 460,451	\$ 531,422							
D. Library's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	82.90%	93.93%	110.77%							
E. Plan fiduciary net position as a percentage of total OPEB liability	48.46%	42.95%	36.39%							

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2018.

Changes in benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2018.

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. Statutorily required contributions	\$ 22,823	\$ 29,951	\$ 34,120							
B. Contributions in relation to statutorily required contributions	<u>22,823</u>	<u>29,951</u>	<u>34,120</u>							
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
D. Library's covered-employee payroll	\$ 287,477	\$ 415,241	\$ 480,933							
E. Contributions as a percentage of covered-employee payroll	7.94%	7.21%	7.09%							

Public Libraries of Saginaw, Michigan and Component Units
Other Supplementary Information
Schedule of Expenditures
Year Ended June 30, 2020

	Year Ended June 30, 2020									
	Main	Zael	Butman Fish	Ruth Brady Wickes	Hoyt Trust	Saginaw Public Libraries Foundation	Total Actual	Budget	Over (Under) Budget	June 30, 2019 Actual
Salaries - professional and semi-professional	\$ 797,888	\$ 221,031	\$ 237,739	\$ 52,521	\$ -	\$ -	\$ 1,309,179	\$ 1,359,000	\$ (49,821)	\$ 1,245,319
Salaries - secretaries	119,410	93,778	92,048	8,239	-	-	313,475	324,500	(11,025)	281,403
Salaries - page	73,333	55,225	58,250	8,250	-	-	195,058	209,000	(13,942)	190,592
Salaries - substitute	13,992	7,020	9,144	1,379	-	-	31,535	40,000	(8,465)	40,061
Employee Benefits	390,379	85,514	84,599	5,905	-	-	566,397	691,225	(124,828)	647,739
Books and periodicals	114,631	108,073	54,230	9,048	-	5,000	290,982	357,950	(66,968)	299,037
Utilities and telephone	31,396	8,629	37,376	9,418	82,590	-	169,409	188,000	(18,591)	189,062
Supplies and materials	45,600	11,363	5,974	1,213	-	-	64,150	85,800	(21,650)	77,049
Repairs and maintenance	-	-	16,396	4,723	39,573	-	60,692	100,850	(40,158)	1,042,959
Programs	21,206	6,037	1,526	1,891	-	-	30,660	35,650	(4,990)	32,050
Contractual expenses	256,331	114,900	67,703	33,681	4,817	-	477,432	621,079	(143,647)	598,875
Professional and legal	22,595	4,869	-	-	4,965	3,219	35,648	43,500	(7,852)	37,716
Furniture and equipment	34,222	15,731	21,149	12,540	-	-	83,642	91,300	(7,658)	149,626
Insurance	-	1,000	-	-	-	-	1,000	10,500	(9,500)	9,008
Interest	-	-	-	-	129,719	-	129,719	135,000	(5,281)	18,063
Data processing	69,205	57,552	-	-	-	-	126,757	154,555	(27,798)	150,052
Miscellaneous	77,564	53	297	345	16,000	-	94,259	137,015	(42,756)	100,341
Bad debt	-	-	-	-	770,000	-	770,000	-	770,000	-
Change in MERS	(36,793)	(7,255)	(7,773)	-	-	-	(51,821)	-	(51,821)	334,797
Total expenditures	\$ 2,030,959	\$ 783,520	\$ 678,658	\$ 149,153	\$ 1,047,664	\$ 8,219	\$ 4,698,173	\$ 4,584,924	\$ 113,249	\$ 5,443,749

Public Libraries of Saginaw, Michigan and Component Units
Other Supplementary Information
General Fund (Excluding Zael)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Year Ended June 30, 2020			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2019 Actual
Revenues				
Current local taxes	\$ 2,500,000	\$ 2,484,123	\$ (15,877)	\$ 2,796,488
Payments in lieu of taxes	35,000	34,962	(38)	41,752
Delinquent taxes	3,500	3,270	(230)	21,745
Personal property tax reimbursement	100,000	91,384	(8,616)	91,728
Interest on delinquent taxes	11,000	299	(10,701)	219
Contract income	151,419	121,473	(29,946)	125,551
State aid	65,000	83,214	18,214	75,690
State aid - Unfunded Actuarial Accrued Liability (UAAL)	82,000	72,420	(9,580)	87,750
Grants	21,000	22,000	1,000	27,200
Contributions and gifts	24,600	21,347	(3,253)	27,908
Book fines and fees	13,500	10,795	(2,705)	15,010
Penal fines	275,000	192,268	(82,732)	205,402
Telefacsimile fees	5,000	4,793	(207)	5,877
Copy machines	3,500	3,503	3	3,472
Investment interest	15,000	20,397	5,397	65,181
Loan interest	-	87,986	87,986	18,063
Processing data entry	37,080	37,080	-	37,080
Universal service fund	8,400	7,344	(1,056)	71,489
Concessions	14,000	11,182	(2,818)	13,666
Total revenues	3,364,999	3,309,840	(55,159)	3,731,271

Public Libraries of Saginaw, Michigan and Component Units
Other Supplementary Information
General Fund (Excluding Zael)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Year Ended June 30, 2020			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2019 Actual
Expenditures				
Main Library	2,366,540	2,030,959	\$ (335,581)	3,507,057
Butman Fish	731,475	678,658	(52,817)	725,318
Ruth Brady Wickes	238,285	149,153	(89,132)	200,915
 Total expenditures	<u>3,336,300</u>	<u>2,858,770</u>	<u>(477,530)</u>	<u>4,433,290</u>
 Excess (deficiency) of revenues over expenditures	28,699	451,070	422,371	(702,019)
 Fund balance - beginning of year	<u>5,088,126</u>	<u>5,088,126</u>	<u>-</u>	<u>5,790,145</u>
 Fund balance - end of year	<u>\$ 5,116,825</u>	<u>\$ 5,539,196</u>	<u>\$ 422,371</u>	<u>\$ 5,088,126</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, 2020

	Year Ended June 30, 2020			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2019 Actual
Revenues				
Saginaw Township	\$ 710,700	\$ 713,115	\$ 2,415	\$ 707,000
State aid	30,000	16,611	(13,389)	36,865
Book fines and fees	11,000	7,214	(3,786)	10,416
Penal fines	125,000	93,646	(31,354)	100,043
Copy machines	1,800	1,181	(619)	1,628
Concessions	9,000	6,322	(2,678)	9,059
Telefacsimile fees	2,500	1,877	(623)	2,614
Universal service fund	4,000	3,456	(544)	13,955
Interest	3,000	-	(3,000)	-
Contributions and gifts	23,000	12,020	(10,980)	3,325
Total revenue	<u>920,000</u>	<u>855,442</u>	<u>(64,558)</u>	<u>884,905</u>
Expenditures				
Salaries - professional and semi-professional	235,000	221,031	(13,969)	207,164
Salaries - secretaries	90,000	93,778	3,778	80,458
Salaries - page	59,000	55,225	(3,775)	57,119
Salaries - substitute	14,000	7,020	(6,980)	11,070
Employee Benefits	112,650	85,514	(27,136)	96,399
Books and periodicals	131,000	108,073	(22,927)	79,410
Utilities and telephone	10,000	8,629	(1,371)	8,768
Supplies and materials	17,850	11,363	(6,487)	15,642
Programs	6,500	6,037	(463)	5,087
Contractual expenses	133,169	114,900	(18,269)	139,057

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, 2020

	Year Ended June 30, 2020			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2019 Actual
Total brought forward	\$ 809,169	\$ 711,570	\$ (97,599)	\$ 700,174
Professional and legal	6,500	4,869	(1,631)	4,975
Furniture and equipment	19,850	15,731	(4,119)	16,922
Insurance	1,500	1,000	(500)	1,000
Data processing	59,605	57,552	(2,053)	57,711
Miscellaneous	2,500	53	(2,447)	378
Change in MERS	-	(7,255)	(7,255)	(3,424)
Total expenditures	<u>899,124</u>	<u>783,520</u>	<u>(115,604)</u>	<u>777,736</u>
Excess of revenues over expenditures	<u>\$ 20,876</u>	<u>\$ 71,922</u>	<u>\$ 51,046</u>	<u>\$ 107,169</u>