

JACKSON DISTRICT LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2015

**JACKSON DISTRICT LIBRARY
TABLE OF CONTENTS**

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	8
Statement of Activities	9
FUND FINANCIAL STATEMENTS:	
GOVERNMENTAL FUNDS:	
Governmental Fund Balance Sheet	10
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	13
NOTES TO FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	28
Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios	30
Schedule of Employer’s Contributions	31
ADDITIONAL INFORMATION	
Statement of Activities - Detail	32

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QUALITY CENTER

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K. LAVERNE MARKOWSKI, C.P.A. (1961-2006)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Jackson District Library
Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities of the *Jackson District Library, Jackson, Michigan*, as of and for the year ended December 31, 2015, which collectively comprise the Library's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Trustees
Jackson District Library
Jackson, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Jackson District Library of Jackson, Michigan, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Note 13, the Library implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in the current year. Accordingly, beginning net position of governmental activities was restated. Our opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 28 through 31 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 Information – Additional Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson District Library of Jackson, Michigan's financial statements as a whole. The statement of activities-detail in the other information is presented for purposes of additional analysis and is not a required part of the financial statements. The statement of activities-detail is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Markowski & Company, CPAs

Jackson, Michigan
April 28, 2016

Management's Discussion and Analysis

Introduction

This discussion and analysis of the Jackson District Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended December 31, 2015.

Financial Highlights

- The Library assets at the close of December 31, 2015, exceeded its liabilities by \$6,083,042 (net position). Of this amount, unrestricted net position of \$260,820 may be used to meet the Library's ongoing obligations.
- The total net position of the Library decreased by \$873,431 during the year.
- At the close of the current fiscal year, the Library's governmental fund reported a combined ending fund balance of \$3,331,883, an increase of \$135,999. Approximately 96%, or \$3,203,121, of the fund balance is available for spending at the Library's discretion. Of this amount, 16%, or \$500,000, has been assigned by the Library's board for technology and other board plans.

Overview of Financial Statements

This audit report consists of the independent auditor's report, management discussion and analysis, basic financial statements, required supplementary information and additional information.

The basic financial statements comprise government-wide financial statements and fund financial statements focusing on the Library in more detail. The financial statements also contain notes to explain some of the information in the statements and provide more detailed data.

Government-Wide Financial Statements

The government-wide statements provide information to readers with a broad overview of the Library's finances, similar to the private business sector. The statement of net position includes information on all of the Library's assets and liabilities, with differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Library's financial position is improving or deteriorating.

The statement of activities presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as earned but unused vacation and sick leave.

Management's Discussion and Analysis

Government-Wide Financial Statements (Continued)

In a condensed format, the following shows the net position and changes to net position as of December 31, 2015 and 2014:

	Governmental Activities	
	2015	2014
Assets	\$ 14,789,958	\$ 14,542,898
Deferred Outflows of Resources	465,562	-
Liabilities	3,766,478	1,974,639
Deferred Inflows of Resources	5,406,000	5,209,000
Net Position		
Invested in Capital Assets, net	5,706,422	5,761,899
Restricted	115,800	141,562
Unrestricted	260,820	1,455,798
Total Net Position	\$ 6,083,042	\$ 7,359,259
Revenues		
Property taxes	\$ 5,288,527	\$ 5,206,586
State shared revenues	94,360	94,448
Charges for services	258,956	242,576
Penal fines	999,065	712,936
Investment income	19,224	17,277
Contributions and grants	82,412	66,878
USF phone refunds	20,196	22,830
Other refunds	4,622	10,098
Total revenues	\$ 6,767,362	\$ 6,373,629
Expenditures		
Culture and recreation	7,640,793	7,074,808
Change in Net Position	\$ (873,431)	\$ (701,179)

Management's Discussion and Analysis

Fund Financial Statements

The fund financial statements provide more detailed information that is used to help maintain control over the Library's resources. Like other state and local governments, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Financial Analysis

As noted earlier, net position may serve as a useful indicator of the Library's financial position. As viewed in the Statement of Net Position, assets exceeded liabilities and deferred inflows of assets by \$6,083,042 and total net position decreased by \$873,431 during the year. The decrease was primarily a result of the large other post-retirement healthcare expenditure of \$813,658.

Capital Asset and Long-Term Debt Activity

The Library's investment in capital assets as of December 31, 2015, amounted to \$5,706,422 (net of accumulated depreciation). This investment in capital assets includes property, equipment and books and related materials.

Major capital asset events during the fiscal year included the following:

- \$85,227 was invested in improvements to Library branch buildings.
- \$760,169 was invested in books and related Library materials.
- \$59,253 was invested in computer equipment upgrades.
- \$73,177 was invested in library furniture and equipment upgrades.

Funding Issues

The Library collected \$5,288,527 in property taxes in 2015; this reflected an increase of \$81,941 over 2014. This is due to a slight increase in property values and partial renewal of renaissance zone reimbursements from the state of Michigan. We are hopeful that predictions of stabilized and increasing property values holds true for the future. However, we remain concerned that foreclosures could continue to directly affect the Library if the taxes are uncollectable after public auction; the County has started to charge back taxes for those properties if the proceeds do not cover the amount due for the foreclosed parcels. Historically low interest rates have also resulted in sharp declines in our investment income.

Due to continued advocacy by the Michigan Library Association, state aid for public libraries has been stable in the past two years and we remain hopeful that the cuts to renaissance zone reimbursements will eventually be fully restored by the state. Penal fine revenue collections increased in 2015 over 2014, enabling the Library to mitigate some of the losses from past property tax declines. However, it still remains very uncertain that we will see the same level of penal fines collected in 2016. We are very concerned that there are continued attempts by state legislators to divert penal fine revenues to provide temporary solutions to major issues that require dedicated, long term funding. Loss of revenues from penal fines will have catastrophic effects on JDL's ability to sustain its existing level of services to residents in Jackson County.

Management's Discussion and Analysis

Funding Issues (Continued)

The Library's Board of Trustees continues to work on steps to address the issue of retiree health insurance liability in response to the new guidelines as set forth by the Government Accounting Standards Board (GASB) and in order to stabilize our budget projections. Since July 1, 2007, new employees hired are not eligible for retiree health care. Employees who retire from the Jackson District Library must be age 60 or older with 12 or more years of service to receive the added benefit of retiree health insurance.

The board will only contribute toward the cost of health care coverage a percent amount equal to that which it makes on behalf of active employees, hence, for the last several years' retirees have contributed the same 20% premium co-payment that regular employees contribute. Due to the extremely large funding projections for meeting these obligations, the Library only funded retiree healthcare in the pay-as-you-go method, but continues to benefit from earnings on the pre-funding.

As more of our employees near retirement age, the Municipal Employees' Retirement System (our pension provider), will require the Library to increase its annual contribution in order to maintain benefits for current and future retirees. Based on our 2014 MERS Annual Valuation our pension plan is 97% funded, having fallen 4% from the previous year. In contrast with the GASB reporting standard that is applied to this year's financial picture the funding level is listed at 85% funded in this report. The Library will be looking into options to build the funding level in the future. Beginning in 2010, new full-time employees are now enrolled in a hybrid plan through MERS in order to minimize pension expenses.

2015 Highlights

The Library completed another landmark year in 2015 when Jackson County residents checked out more items in print and digital formats than they had at any point in its history! The Library continues to draw large audiences to its programs and events for all age groups. Attendance at these events grew by nearly 20% in 2015 over the previous year, touching an all-time high of 65,365. Usage of the Library's public computers and wireless hot spots is up 16% from 5 years ago. Digital downloads (e-books, audiobooks, music, etc.) now account for nearly 15.7% of all checkouts. At the same time, nearly 83% of all items checked out by Jackson County residents continue to come from traditional physical formats such as printed books, CDs, DVDs and magazines. It is clearly evident that Jackson County residents enjoy visiting their neighborhood Libraries, while also appreciating the convenience of downloading books, movies and music from our website 24/7/365.

During 2015 the Jackson District Library Celebrated 150 years of the library service to the community of Jackson. Research was done by students from Jackson College using the library archive to develop the story of the Library beginning with the Young Men's Association. Their project culminated in a book and video that shares the history of our Library service from 1865.

The downtown construction project on Michigan Avenue led to our annual summer reading kickoff being held at the newly expanded and renovated Meijer Branch in June as the staff provided programs and activities to encourage literacy during the summer.

The Library was honored this year with the State Librarian Citation of Excellence for the work we do in moving the community forward through initiatives aimed at education, career development, health improvement, economic and workforce development, and human services.

Management Discussion and Analysis

2015 Highlights (Continued)

The Library was honored to be selected by Jackson Storyfest to take over the programming they have been offering for 28 years as this long standing non-profit ceased operation. The Library board and staff worked to support and plan the 2015 event which exposed over 12,500 youth and adults to the art of storytelling.

Requests for Information

This financial report is designed to provide a general overview of the revenues it receives for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report should be addressed to the Director at 244 West Michigan Avenue, Jackson, Michigan 49201, phone 517-788-4099.

FINANCIAL STATEMENTS

JACKSON DISTRICT LIBRARY
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS:	
Cash and cash equivalents	\$ 3,475,405
Investments	15,258
Accounts receivable:	
Penal fines	90,373
Contracted services	96,500
Property taxes receivable	5,406,000
Capital assets, net	<u>5,706,422</u>
Total assets	<u>14,789,958</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension amounts	<u>465,562</u>
LIABILITIES:	
Accounts payable	172,988
Accrued liabilities	29,182
Accrued payroll	34,683
Unearned revenue:	
Grants	3,527
Shared computerization agreement	105,273
Total current liabilities	<u>345,653</u>
Noncurrent liabilities:	
Compensated absences	398,483
Net pension liability	1,047,259
Net other post employment benefit payable	1,975,083
Total long-term liabilities	<u>3,420,825</u>
DEFERRED INFLOWS OF RESOURCES:	
Property taxes	5,406,000
Total liabilities and deferred inflows of resources	<u>9,172,478</u>
NET POSITION:	
Invested in capital assets, net of related debt	5,706,422
Restricted	115,800
Unrestricted	<u>260,820</u>
Total net position	<u><u>\$ 6,083,042</u></u>

See accompanying notes.

JACKSON DISTRICT LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTION/PROGRAMS	PROGRAM REVENUES			GOVERNMENTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
General government	\$ 7,640,793	\$ 258,956	\$ 82,412	\$ -
GENERAL REVENUES:				
Property taxes				5,288,527
State shared revenues				94,360
Penal fines				999,065
Investment income				19,224
USF phone refunds				20,196
Other revenues				4,622
Total general revenues				<u>6,425,994</u>
Change in net position				(873,431)
Net position - beginning of year, as restated				<u>6,956,473</u>
Net position - end of year				<u>\$ 6,083,042</u>

See accompanying notes.

JACKSON DISTRICT LIBRARY
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2015

	<u>GOVERNMENTAL FUND</u>
ASSETS:	
Cash and cash equivalents	\$ 3,475,405
Investments	15,258
Accounts receivable:	
Penal fines	90,373
Other	96,500
Property taxes receivable	<u>5,406,000</u>
 Total assets	 <u><u>\$ 9,083,536</u></u>
 LIABILITIES:	
Accounts payable	\$ 172,988
Accrued liabilities	29,182
Accrued payroll	34,683
Unearned revenue:	
Grants	3,527
Shared computerization agreement	105,273
Total liabilities	<u>345,653</u>
 DEFERRED INFLOWS OF RESOURCES:	
Property taxes	<u>5,406,000</u>
 FUND BALANCES:	
Restricted	135,762
Assigned	500,000
Unassigned	2,696,121
Total fund balance	<u>3,331,883</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u><u>\$ 9,083,536</u></u>

See accompanying notes.

JACKSON DISTRICT LIBRARY
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

TOTAL FUND BALANCE - GOVERNMENTAL FUND \$ 3,331,883

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental
fund balance sheet. Net of accumulated depreciation. 5,706,422

Compensated absences are long-term liabilities are not due and
payable in the current period and therefore are not reported in
governmental funds. (398,483)

Long-term liabilities for Other Post Employment Benefits
(OPEB) obligations do not present a claim on current
financial resources and are therefore not reported as
fund liabilities. (1,975,083)

Certain pension amounts, such as the net pension liability and
deferred amounts are not due and payable in the current period
and therefore are not reported as fund liabilities. (581,697)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 6,083,042

See accompanying notes.

JACKSON DISTRICT LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	GOVERNMENTAL FUND
REVENUES	
Property taxes	\$ 5,288,527
State shared revenues	94,360
Coop reimbursement	33,635
Fines and fees	122,274
Copier fees	44,139
Penal fines	999,065
Investment income	19,224
Contributions and grants	82,412
USF phone refunds	20,196
Shared services - JPS	58,908
Other revenues	4,622
Total revenues	6,767,362
 EXPENDITURES	
Culture and recreation	6,631,363
 EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	135,999
 FUND BALANCES, BEGINNING OF YEAR	3,195,884
 FUND BALANCES, END OF YEAR	\$ 3,331,883

See accompanying notes.

JACKSON DISTRICT LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENT FUND	\$ 135,999
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p style="padding-left: 40px;">Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation:</p>	
Capital outlays	977,826
Depreciation expense	(1,033,303)
<p style="padding-left: 40px;">Decrease in non-current liability for compensated absences payable is an expense in the statement of activities but is not an expenditure in the governmental funds.</p>	
	38,616
<p style="padding-left: 40px;">Change in net OPEB obligations are reported in the statement of activities as these future benefits are earned; because they do not require the use of current resources they are not reported in the fund financial statements.</p>	
	(813,658)
<p style="padding-left: 40px;">Changes in Net Pension Liability and related deferred amounts do not require the use of current resources and are not reported in the fund financial statements.</p>	
	<u>(178,911)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (873,431)</u></u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

**JACKSON DISTRICT LIBRARY
INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

	<u>PAGE NUMBERS</u>
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	14
NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	16
NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS	17
NOTE 4: PROPERTY TAXES	19
NOTE 5: CAPITAL ASSETS	19
NOTE 6: COMPENSATED ABSENCES	20
NOTE 7: DEFINED BENEFIT PENSION PLAN	21
NOTE 8: JOINT VENTURE	25
NOTE 9: RESERVED FUND BALANCE/RESTRICTED NET POSITION	25
NOTE 10: RISK MANAGEMENT	25
NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS	26
NOTE 12: SUBSEQUENT EVENTS	27
NOTE 13: RESTATEMENTS	27

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jackson District Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Jackson District Library:

A. REPORTING ENTITY

The Jackson District Library (the “Library”) was formed January 1, 1978, from a consolidation of the City of Jackson and County of Jackson Library systems. The Library is governed by an appointed board of trustees with seven members.

B. GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the Library.

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 revenues include (1) charges to users 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.

C. 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 government 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.

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Library reports the following major governmental fund:

General Fund

The General Fund is the general operating fund of the Library. It is used to account for all financial resources.

D: ASSETS, LIABILITIES, AND NET POSITION

Bank Deposits and Investments

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

Receivables and Payables

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items

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

Restricted Assets

Restricted assets consist of cash and investments that have been restricted by the donor at the date of the gift.

A joint venture exists between the Jackson District Library and Jackson College to operate and maintain an automated library system to be shared between the two parties. Cash received from Jackson College is restricted for the maintenance and operation of the system.

Capital Assets

Capital assets, which include books and related materials, property and equipment are defined by the Library as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. (Computers or property and equipment purchased in groups are combined for the purpose of the capital threshold amount.)

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D: ASSETS, LIABILITIES, AND NET POSITION (Continued)

Pensions

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 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 by 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.

Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the Statement of Net Position.

Long-term Obligations

Long-term obligations (due more than one year from the balance sheet date) are reported as liabilities in the Statement of Net Position.

Deferred Outflows/Inflows of Resources

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

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Library Board. A formal resolution of the Board is required to establish, modify, or rescind a fund balance commitment. The Library reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

E: ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental fund. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is at the line item.

Encumbrance accounting is employed in the government 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 goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year ended December 31, 2015, the Library incurred no expenditures in the General Fund which were in excess of the amounts appropriated:

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents, and investments of the Library can be defined as follows:

Cash and cash equivalents consist of cash on hand, deposits (checking accounts), and investments with an original maturity no greater than 90 days. Deposits are in one local bank with accounts in its name. Surplus funds are invested in accordance with state law and Board resolutions. Authorized investments include:

- (1) Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States;
- (2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States;
- (3) Commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services, and that matures not more than 270 days from the purchased date;
- (4) Repurchase agreements consisting of instruments listed in subdivision (1) above;
- (5) Bankers' acceptances of United States banks;
- (6) Mutual funds registered under the Investment Company Act of 1940, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation;

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- (7) Obligations described in (1) through (6) as named above are purchased through an interlocal agreement under the Urban Cooperation Act of 1967;
- (8) Investment pools organized under the Surplus Funds Investment Act 367 of 1982;
- (9) Investment pools organized under the Local Government Investment Pool Act 121 of 1985.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the Library's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Imprest cash	\$ 553
Insured (FDIC)	935,151
Uninsured	<u>2,539,701</u>
 Total cash and cash equivalents	 <u><u>\$ 3,475,405</u></u>

The Library's deposits are in accordance with statutory authority.

The Library's investments are categorized below to give an indication of the level of risk assumed by the Library. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Library or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Library's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Library's name.

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>	<u>Cost</u>
Corporate equities	<u>\$ -</u>	<u>\$ 15,258</u>	<u>\$ -</u>	<u>\$ 15,258</u>	<u>\$ 11,122</u>

The corporate equities represent mutual funds donated directly to the Jackson District Library.

Investment and Deposit Risk

Interest Rate Risk: State law limits the allowable investments and the maturities of some of the investments. The Library's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk: State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, banker's acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. State law does not require, and the Library does not have, a policy for custodial credit risk.

Concentration of Credit Risk: State law permits allowable investments, but does not limit concentration of credit risk.

NOTE 4: PROPERTY TAXES

Property tax revenues shown in the General Fund reflect the 2014 District levy of 1.2593 mills on the assessed valuation of property located in the county as of the preceding December 31st. Assessed values are established annually by the county and are equalized by the state at an estimated 50% of current market value.

The 2014 levy covers the Library's fiscal year of January 1, 2015 to December 31, 2015. The 2014 tax levy became a lien on properties on December 1, 2014, and was substantially collected in early 2015. Taxes became delinquent on March 1, 2015. Taxes receivable the subsequent year, as presented in the Library's financial statements, represent the next accounting period's uncollected taxes. Unearned taxes represent the subsequent years' taxes, both collected and uncollected, that are unearned. These amounts are reported as such because the tax bills were issued December 1, 2015, for the 2016 fiscal year revenue.

NOTE 5: CAPITAL ASSETS

Capital assets, which include property, equipment and books and related materials, are depreciated using the straight-line method over the following useful lives:

Books (including E-Books)	2 to 10 years
Audio Visual	3 years
Circulating Software	3 years
Computer Equipment	5 to 7 years
Equipment	5 to 10 years
Buildings	40 years
Building Improvements	15 to 30 years

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5: CAPITAL ASSETS (Continued)

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated:				
Land	\$ 275,900	\$ -	\$ -	\$ 275,900
Buildings	2,788,335	-	-	2,788,335
Building Improvements	791,868	85,227	-	877,095
Books	2,062,466	332,062	334,639	2,059,889
E-Books	391,224	63,445	-	454,669
Audio Visual	1,094,141	314,106	189,981	1,218,266
Circulating Software	152,699	50,556	15,477	187,778
Computer Equipment	410,686	59,253	84,434	385,505
Equipment	453,172	73,177	-	526,349
Subtotal	<u>8,420,491</u>	<u>977,826</u>	<u>624,531</u>	<u>8,773,786</u>
Less Accumulated Depreciation for:				
Land	-	-	-	-
Buildings	150,461	68,486	-	218,947
Building Improvements	149,577	42,519	-	192,096
Books	1,227,829	338,150	334,639	1,231,340
E-Books (Amortization)	112,829	84,590	-	197,419
Audio Visual	609,726	320,266	189,981	740,011
Circulating Software	70,825	51,687	15,477	107,035
Computer Equipment	215,181	68,910	84,434	199,657
Equipment	122,164	58,695	-	180,859
Subtotal	<u>2,658,592</u>	<u>1,033,303</u>	<u>624,531</u>	<u>3,067,364</u>
Net Capital Assets Being Depreciated	<u><u>\$ 5,761,899</u></u>	<u><u>\$ (55,477)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,706,422</u></u>

Under GASB 34 the Library was not required to retroactively report fixed assets. Accordingly, the Library chose not to retroactively report fixed assets prior to the year ending December 31, 2003.

NOTE 6: COMPENSATED ABSENCES

Full-time District employees earn vacation and sick leave in accordance with the Library's personnel policies. After one year, all employees are entitled to vacation earned based on length of service, and a maximum of one week may be carried over to the following year. All employees earn sick leave at varying rates.

Upon termination, 50% of accumulated sick leave benefits up to a maximum of 90 work days will be paid by the Library after 2 years of service.

Unpaid leave at December 31, 2015, which is not liquidated within the current operating cycle, has been reported in the governmental activities.

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The Library's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided:

<u>01-General: Closed to new hires, linked to Division HA</u>	
	<u>2014 Valuation</u>
Benefit Multiplier	2.00% Multiplier(no max)
Normal Retirement Age	60
Vesting	6 years
Early Retirement (Unreduced)	-
Early Retirement (Reduced)	50/25 55/15
Final Average Compensation	5 years
COLA for Future Retirees	2.50% (non-compound)
Employee Contributions	4%
Act 88	Yes (adopted 4/8/1999)
<u>HA - General hired after 7/1/2010: Open Division, lined to Division 01</u>	
	<u>2014 Valuation</u>
Benefit Multiplier	Hybrid Plan - 1.00% Multiplier
Normal Retirement Age	60
Vesting	6 years
Early Retirement (Unreduced)	-
Early Retirement (Reduced)	-
Final Average Compensation	3 years
Employee Contributions	0%
Act 88	Yes (adopted 7/1/2010)

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms. At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>36</u>
	<u>69</u>

Contributions

The Library is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the 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.

Employer contributions for the year ended December 31, 2014 were \$86,642.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3%-4%

Salary Increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 8.0%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

Discount rate

The discount rate used to measure the total pension liability is 8.25%. 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 plan's 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 6,593,641	\$ 6,190,855	\$ 402,786
Changes for the Year			
Service Cost	175,359	-	175,359
Interest on Total Pension Liability	522,380	-	522,380
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer Contributions	-	110,088	(110,088)
Employee Contributions	-	55,936	(55,936)
Net investment income	-	(92,710)	92,710
Benefit payments, including employee refunds	(303,144)	(303,144)	-
Administrative expense (negative number)	-	(13,534)	13,534
Other changes	6,514	-	6,514
Net changes	401,109	(243,364)	644,473
Balances as of 12/31/15	\$ 6,994,750	\$ 5,947,491	\$ 1,047,259

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	1% Decrease 7.25%	Current Discount Rate (8.25%)	1% Increase 9.25%
<u>Net Pension Liability at 12/31/15</u>		\$ 1,047,259	
Change in Net Pension Liability (NPL)	\$ 736,128		\$ (633,199)
Calculated NPL for your Notes	\$ 1,783,387	\$ 1,047,259	\$ 414,060

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

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

For the year ended December 31, 2014 the employer recognized pension expense of \$288,999. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
Excess (Deficit) Investment Returns	(581,952)	-
Contributions subsequent to the measurement date	-	-
Total	\$ (581,952)	\$ -

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 December 31, 2015.

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

Year Ended	
2016	\$ (116,390)
2017	(116,390)
2018	(116,390)
2019	(116,390)
2020	(116,392)

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: JOINT VENTURE

The Library entered into a joint venture with Jackson College on September 25, 1991, to acquire, install, operate, and maintain an automated library system to be shared between the parties. The initial system cost, future additions, upgrades and maintenance are shared by Jackson District Library and Jackson College at a 2/3 - 1/3 ratio, respectively. The total balance in the investment account is \$315,818, which is offset by a liability for Jackson College's portion of the \$105,273 at December 31, 2015.

NOTE 9: RESERVED FUND BALANCE/RESTRICTED NET POSITION

The amounts reported in the Statement of Net Position identified as restricted net position are comprised of the following:

Restricted for shared computerization agreement	\$	105,273
Restricted for grant agreement		3,527
Restricted for donor imposed restrictions		7,000
Total Restricted Net Position	\$	115,800

The amounts reported in the Governmental Funds Balance Sheet as restricted and assigned fund balance are comprised of the following:

Restricted for:		
Donor imposed	\$	7,000
Grantor imposed		3,527
Shared computerization agreement		105,273
Encumbrances		19,962
Total restricted	\$	135,762
Assigned for:		
Technology	\$	500,000

NOTE 10: RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance to manage these risks.

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Jackson District Library provides health insurance benefits for its retired employees and their beneficiaries through a trust established with the Municipal Employees' Retirement System of Michigan (MERS). The Library has no obligation to make contributions in advance of when the insurance premiums are due (in other words, this obligation can be financed on a "pay-as-you-go" basis). The Library has, however, made contributions to MERS (established pursuant to Public Act 199 of 1999) in an effort to advance fund these benefits.

For the year ended December 31, 2015, the Library has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2014. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities over a period not to exceed thirty years. The valuation's computed contribution and the actual 2015 funding are summarized in the following:

Annual required contribution (recommended)	\$	813,658
Amount contributed:		
Funding		-
Increase in net OPEB obligation		813,658
Prior unfunded liability		1,161,425
Unfunded liability at December 31, 2015		\$ 1,975,083

The funding progress of the Plan as of the most recent valuation date is as follows:

Valuation as of January 1, 2014:	
Present value of future benefits	\$ 10,724,893
Actuarial value of assets	\$ 362,980
Actuarial accrued liability	\$ 8,313,021
Unfunded actuarial accrued liability	\$ 7,950,041

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funding status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. 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.

**JACKSON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(Continued)

In the January 1, 2014 actuarial valuation, the actuarial assumptions include the following:

Discount rate	5.50%
Cost of living adjustment	3.00%
Return on assets	10.98%

Retirement provisions:

Age 60 with at least 12 years of service.

Current Retirees must pay 20% of their premium.

New Retirees will contribute 10% for 2011, 15% for 2012 and 20% there after towards benefits.

Anyone hired after June 30, 2007 is not eligible for benefits.

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 28, 2016, the date on which the financial statements were available to be issued.

NOTE 13: RESTATEMENTS

The Library adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result of this change, beginning net position of governmental activities was decreased by \$402,786.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON DISTRICT LIBRARY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenue				
Property taxes	\$ 5,275,000	\$ 5,281,000	\$ 5,288,527	\$ 7,527
State shared revenues	94,448	94,448	94,360	(88)
Coop Reimbursement	30,370	33,635	33,635	-
Fines and fees	119,000	120,084	122,274	2,190
Copier fees	35,000	43,184	44,139	955
Penal fines	650,000	999,065	999,065	-
Investment income	15,000	15,000	19,224	4,224
Contributions and grants	33,500	76,604	82,412	5,808
USF Phone refunds	15,000	20,196	20,196	-
Shared services - JPS	64,779	65,283	58,908	(6,375)
Other revenues	1,200	1,214	4,622	3,408
Total Revenues	6,333,297	6,749,713	6,767,362	17,649
Expenditures				
Salaries and wages	3,250,962	3,450,000	3,391,946	58,054
Board per diem	3,000	3,000	2,730	270
Social security	248,699	263,925	252,746	11,179
Retirement	120,000	125,000	121,186	3,814
Health insurance	395,000	375,000	355,622	19,378
Retiree health care	95,000	115,000	112,440	2,560
Life insurance	6,650	7,000	6,362	638
Unemployment	6,000	8,000	7,380	620
Director's conferences	6,000	4,000	3,301	699
Postage	25,000	26,000	25,363	637
Office supplies	26,000	26,000	22,268	3,732
Printing/promotions/publicity	100,000	100,000	97,950	2,050
Technical processing supplies	17,000	17,000	11,855	5,145
Contracted services:				
Professional	40,000	70,000	69,926	74
Office equipment	32,000	32,000	26,116	5,884
Building/grounds	155,000	155,000	148,226	6,774
Software/upgrades	40,000	40,000	32,690	7,310
Other	85,000	90,000	76,573	13,427
Online computer library catalog	40,000	35,000	27,276	7,724
Shared computerization maintenance	75,000	65,000	61,357	3,643
Building and maintenance supply	27,500	32,500	30,471	2,029
Gifts and memorial materials	15,000	15,000	12,464	2,536
Staff development	20,000	22,000	20,303	1,697
Indirect State aid	47,224	47,224	47,180	44
Professional memberships and dues	8,000	8,000	6,935	1,065
Subtotal	4,884,035	5,131,649	4,970,666	160,983

JACKSON DISTRICT LIBRARY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Expenditures (Continued)				
Interloan	2,000	2,000	1,125	875
Telephone	40,000	40,000	37,202	2,798
Internet access lines	50,000	24,000	23,898	102
Transportation-Fuel	12,000	8,000	7,508	492
Mileage reimbursement	22,000	22,000	17,683	4,317
Library programs:				
Adult programs	20,000	20,000	17,968	2,032
Children's programs	70,000	70,000	60,957	9,043
Bindery	1,000	1,000	715	285
Insurance and bonds	44,000	46,000	45,125	875
Utilities	130,000	130,000	128,738	1,262
Vehicle repairs and maintenance	4,000	4,000	1,354	2,646
Miscellaneous	5,000	5,000	-	5,000
Word wise	5,000	5,000	-	5,000
Staff recognition	5,000	5,000	2,562	2,438
Property tax refunds	30,000	20,000	11,474	8,526
Grant Projects	20,000	15,000	11,038	3,962
Books:				
Hardbound/Trade	383,600	384,059	332,062	51,997
Paperback	9,000	9,000	7,265	1,735
Reference	2,900	2,900	1,382	1,518
Periodicals	32,300	32,300	30,899	1,401
Audio-visual	321,200	321,200	314,106	7,094
Online databases	231,800	236,200	236,122	78
Electronic software	50,000	51,000	50,556	444
Building repairs and maintenance	30,000	79,000	73,160	5,840
Computer supplies	30,000	30,000	13,611	16,389
Branch furniture and fixtures	25,000	25,000	16,530	8,470
Strategic Initiatives	10,000	-	-	-
Capital outlay:				
Library equipment	100,000	73,177	73,177	-
Computers	60,000	60,000	59,253	747
Buildings	70,000	86,000	85,227	773
Total Expenditures	<u>6,699,835</u>	<u>6,938,485</u>	<u>6,631,363</u>	<u>307,122</u>
Net Change in Fund Balances	(366,538)	(188,772)	135,999	324,771
Fund Balance, beginning of year	<u>3,195,884</u>	<u>3,195,884</u>	<u>3,195,884</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 2,829,346</u>	<u>\$ 3,007,112</u>	<u>\$ 3,331,883</u>	<u>\$ 324,771</u>

Jackson District Library
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Last 10 Fiscal Years

	2015
Total Pension Liability	
Service Cost	\$ 175,359
Interest	522,380
Changes of Benefit Terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments including employee refunds	(303,144)
Other	6,514
Net Change in Total Pension Liability	401,109
Total Pension Liability beginning	6,593,641
Total Pension Liability ending	\$ 6,994,750
 Plan Fiduciary Net Position	
Contributions-employer	\$ 110,088
Contributions-employee	55,936
Net Investment income	(92,710)
Benefit payments including employee refunds	(303,144)
Administrative expense	(13,534)
Net Change in Plan Fiduciary Net Position	(243,364)
Plan Fiduciary Net Position beginning	6,190,855
Plan Fiduciary Net Position ending	\$ 5,947,491
 Employer Net Pension Liability	 \$ 1,047,259
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	 85%
 Covered Employee Payroll (from GASB 68 actuarial page)	 \$ 1,789,781
Employer's Net Pension Liability as a percentage of covered employee payroll	59%

This schedule is presented to illustrate the requirement to show information for 10 years, However, until a full 10 year trend is compiled, reporting is presented for those years which the information is available.

Jackson District Library
Schedule of Employer's Contributions
Last 10 Fiscal Years

	2015
Actuarial Determined Contributions	\$ 110,088
Contributions in relation to the actuarially determined contribution	110,088
Contribution deficiency (excess)	\$ -
 Covered Employee Payroll	1,789,781
 Contributions as a percentage of covered employee payroll	6%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	10 year smoothed
Inflation	3.5%
Salary Increases	4.5%
Investment rate of return	8.0%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

This schedule is presented to illustrate the requirement to show information for 10 years, However, until a full 10 year trend is compiled, reporting is presented for those years which the information is available.

ADDITIONAL INFORMATION

JACKSON DISTRICT LIBRARY
STATEMENT OF ACTIVITIES - DETAIL
FOR THE YEAR ENDED DECEMBER 31, 2015

EXPENSES:

Salaries and wages	\$	3,353,330
Board per diem		2,730
Social security		252,746
Retirement		300,097
Health insurance		355,622
Retiree health care contribution		926,098
Life insurance		6,362
Unemployment		7,380
Director's conferences		3,301
Postage		25,363
Office supplies		22,268
Printing/promotions/publicity		97,950
Technical processing supplies		11,855
Contracted services:		
Professional		69,926
Office equipment		26,116
Building/grounds		148,226
Software/upgrades		32,690
Other		76,573
Online computer library catalog		27,276
Shared computerization agreement		61,357
Building and maintenance supply		30,471
Gifts and memorial materials		12,464
Staff development		20,303
Professional memberships and dues		6,935
Indirect State aid		47,180
Interloan		1,125
Telephone		37,202
Internet access lines		23,898
Transportation-Fuel		7,508
Mileage reimbursement		17,683
Library programs:		
Adult		17,968
Children's		60,957
Bindery		715
Insurance and bonds		45,125
Utilities		128,738
Vehicle repairs and maintenance		1,354
Subtotal		6,266,892

JACKSON DISTRICT LIBRARY
STATEMENT OF ACTIVITIES - DETAIL
FOR THE YEAR ENDED DECEMBER 31, 2015

EXPENSES: (Continued)

Staff recognition	2,562
Property tax refunds	11,474
Grant Projects	11,038
Paperback books	7,265
Reference materials	1,382
Periodicals	30,899
Online databases	172,677
Building repairs and maintenance	73,160
Computer supplies	13,611
Branch furniture and fixtures	16,530
Depreciation	1,033,303
Total expenditures	<u>7,640,793</u>

REVENUE:

Property taxes	5,288,527
State shared revenues	94,360
Coop reimbursement	33,635
Fines and fees	122,274
Copier fees	44,139
Penal fines	999,065
Investment income	19,224
Contributions and grants	82,412
USF Phone refunds	20,196
Shared services	58,908
Other revenues	4,622
Total revenues	<u>6,767,362</u>

Excess of Revenues Over (Under) Expenditures (873,431)

Net Position - Beginning, as Restated 6,956,473

Net Position - Ending \$ 6,083,042