

HAZEL PARK MEMORIAL DISTRICT LIBRARY
123 EAST NINE MILE ROAD
HAZEL PARK, MICHIGAN 48030

FEBRUARY, 2021 LIBRARY BOARD MEETING
MONDAY, FEBRUARY 22, 2021, 6:30 P.M.
HAZEL PARK MEMORIAL DISTRICT LIBRARY
(248) 546-4095

CALL TO ORDER

ROLL CALL

CONVOCATION: PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS ON AGENDA ITEMS

ADDITIONS TO AND APPROVAL OF AGENDA

APPROVAL OF MINUTES: 1/25/2021 MEETING

DIRECTOR'S REPORT:

- CIRCULATION REPORTS—JANUARY, 2021
- PROGRAM STATISTICS— JANUARY, 2021
- INVOICES FOR FEBRUARY 2021

NEW BUSINESS:

- Presentation of FY 2019/2020 Audit Statement by Alicia ("Laci") Christiansen
- Proposal to provide [REDACTED] with some paid maternity leave time (our current employee manual does not include any paid maternity leave).
- Proposal to record library board meetings and make them available via the library's YouTube channel.

OLD BUSINESS:

- NONE

COMMITTEE REPORTS:

PLANNING:

PUBLIC COMMENTS

BOARD MEMBER AND DIRECTOR COMMENTS

ADJOURNMENT

Hazel Park Memorial District Library Board

Meeting Minutes

January 25, 2021

Draft Pending Approval at next meeting

Opening

The regular meeting of the Hazel Park Memorial District Library Board was called to order at 6:33pm on January 25, 2021 via Zoom Video Conference by Board President Rich Robbins.

Present

Ben Acha	Richard Robbins
Barbara Winter	Jordan Wright
Linda Zeiss	Adam Duberstein

Caitlyn Yother was not present at the January meeting due to pre-approved absence.

Approval of Agenda, Minutes, and Directors Report

The motion of approval of the agenda was created by Adam Duberstein and supported by Ben Acha. There were no public comments on the agenda.

The motion to receive and file the meeting minutes from December meeting was created by Barbara Winter and supported by Adam Duberstein.

The motion to receive and file Corrine Stocker's Library Director Report was created by Barbara Winter, supported by Adam Duberstein. Questions were raised about building damage as listed in the report, Corrine will provide 3 quotes for work to be done on the exterior west wall from separate companies to be voted on by the board when the work is to be completed in the spring season. The paneling damaged on the upper west mezzanine is already in the process of being replaced and will not be noticeably different when the shelving and books are put back into place. No collection items were damaged.

All items unanimously approved as distributed.

New Business

- 1) Presentation of FY 2019/2020 Audit Statement by Laci Christiansen
Item was tabled until February meeting.
- 2) Proposal to increase DVD/Blu-ray checkout limit

Visual media checkout limits will be increased from 5 items to a new limit of 10 items, this will include new releases. This will not affect the checkout time duration. Motion was created by Barbara Winter with support from Jordan Wright.

3) Positive Covid-19 Diagnosis paid time off policy update

Proposal to provide all of our employees that receive a positive diagnosis of Covid-19 up to 10 (10) days of paid time off before we require the employee to utilize their own sick and vacation time. This will only be granted if the library has on file the positive diagnosis from the employee's medical provider. Motion to approve created by Barbara Winter with support from Jordan Wright.

Old Business

1) None

Committee Reports

DIA Mural

Barbara Winter has made tentative meeting times with the project leader from the DIA for July. The program is still catching up with murals postponed in 2020 due to Covid-19 which will result in a delay of when our project application will be viewed or started.

Public Comments

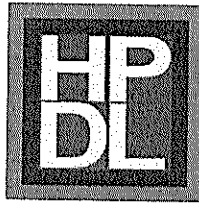
None

Adjournment

Meeting was adjourned at 7:10pm by Board President Rich Robbins after a motion made by Rich Robbins and supported by Adam Duberstein. The next general meeting will be at 6:30pm on February 22, 2021 via Zoom Video Conference.

Minutes submitted by: Caitlyn Yother

Approved by: Pending



**Hazel Park District Library
February 2021 Director's Report**

[REDACTED]

[REDACTED] had [REDACTED] surgery on Friday, 2/19/21 and was released from the hospital on Sunday, 2/21/21. [REDACTED] recovering at home, and [REDACTED] is hoping to report back to work on 3/8/21. We are sending [REDACTED] an Edible Arrangement tomorrow.

MML 2021 Dividend Distribution

The library received our 2021 dividend distribution payment on our liability coverage from Michigan Municipal League in the amount of \$611.

Program Highlights

In honor of African American history month, the library held a Zoom presentation on the history and legacy of the Tuskegee Airmen on 2/20/21. The talk was led by William Stevenson, an expert in the field, and was moderated by Adam Duberstein. We were lucky enough to have two former Tuskegee Airmen discuss their experiences!

[REDACTED]

I am sad to announce the passing of [REDACTED] earlier this year. He served on the library board for many years. [REDACTED]. I haven't been able to find any arrangements for a funeral or memorial service, but if I do, I will pass them along to those of you who knew him or served on the board with him.

Library Science Intern

I agreed to take on an unpaid library science student as an Intern. His name is [REDACTED] and he is completing a distance-learning program through East Carolina University. He recently relocated to Detroit to be closer to family. We are just waiting for approval to proceed from ECU.

Recent Donation

We recently received a \$100 donation from [REDACTED], a regular patron.

\$100 donation TODAY
Toward seed library
[Signature] [REDACTED]

January 2021						
	JULY	AUG	SEPT	OCT	NOV	DEC
ILL REQ RE	512	543	670	637	559	547
ILL REQ SN	417	883	1151	1450	1275	1529
VOLUNTEER HRS	0	0	0	0	12	0
PATRONS CUR YR	4093	4098	4129	3990	3978	3987
PATRONS LAST YR	4402	4327	4414	4501	4548	4309
PROG ATTN 0-5	69	62	53	74	55	59
PROG ATTN 6-11	69	64	16	19	32	0
PROG ATTN 12 UP	5	12	0	60	9	0
PROG ATTN ADULTS	81	90	60	107	78	52
PROG ATTN TOTAL	224	228	129	260	174	111
ADULT PROGRAMS	0	0	0	1	0	0
TEEN/TWEEN PROGRAMS	0	1	0	1	1	0
JUVENILE PROGRAMS	17	15	11	12	2	9
GENERAL PROGRAMS	4	5	4	3	8	0
TOTAL PROGRAMS	21	21	15	17	11	9
ITEMS LKN CUR YR	81,242	81,249	79,367	78,584	77,476	77,670
ITEMS LNK LAST YR	81,252	81,550	81,512	81,752	81,876	81,901
CIRCULATION CUR YR	1,329	1,348	1,694	1,214	1,122	1,097
CIRCULATION LST YR	4003	3,748	3,528	3,759	3,332	3,030
CIRCULATION CHANGE	-67%	-64%	-52%	-68%	-66%	-64%
OVERDRIVE CIRCULATION	660	322	453	427	368	384
RB DIGITAL CIRCULATION	107	118	122	106	145	122
HOOPLA CIRCULATION	22	201	160	159	141	164
MATERIALS CIRC TOTAL	2118	1989	2072	1906	1776	1767
FINES	\$3.80	\$3.04	\$0.00	\$37.00	\$13.50	\$72.94
PENAL FINES	\$28,282.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
STATE AID	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MISC INCOME	\$154.70	\$420.89	\$209.54	\$321.99	\$3,494.65	\$20,976.26
TOTAL INCOME	\$28,440.65	\$423.93	\$209.54	\$358.99	\$3,508.15	\$21,049.20
....						
	JAN	FEB	MAR	APRIL	MAY	JUNE
ILL REQ REQ RECD	687					
ILL REQ SENT OUT	1676					
VOLUNTEER HOURS	15					
PATRONS CUR YR	4009					
PATRONS LAST YR	4283					
PROG ATTN 0-5	58					
PROG ATTN 6-11	0					
PROG ATTN 12 UP	0					
PROG ATTN ADULTS	53					
PROG ATTN TOTAL	111					
ADULT PROGRAMS	0					
JUVENILE PROGRAMS	10					
TEEN PROGRAMS	0					
GENERAL PROGRAMS	0					
TOTAL PROGRAMS	10					
ITEMS LKN CUR YEAR	77,607					

January 2021 Program Statistics

Program Name	Date	Type	Age 0-5	Age 6-11	Age 12-17	Adult	Total
Zoom Storytime	1/4/2021	Juvenile	7				7
Kindergarten Homeschool	1/6/2021	Juvenile	5				5
Zoom Storytime	1/8/2021	Juvenile	6				6
Zoom Storytime	1/11/2021	Juvenile	4				4
Zoom Storytime	1/15/2021	Juvenile	5				5
Zoom Storytime	1/18/2021	Juvenile	5				5
Kindergarten Homeschool	1/20/2021	Juvenile	7				7
Zoom Storytime	1/22/2021	Juvenile	6				6
Zoom Storytime	1/25/2021	Juvenile	6				6
Zoom Storytime	1/29/2021	Juvenile	7				7
			58	0	0		58

INVOICES FEBRUARY 2021

978 Baker & Taylor January 2021 Orders	\$1,362.28
978 Amazon	\$372.91
728 Amazon	\$142.29
756 Tony's Ace Hardware	\$19.98
756 Tony's Ace Hardware	\$47.72
756 Tony's Ace Hardware	\$27.95
756 Amazon	\$59.57
804 Amazon	\$64.85
818 Goyette Mechanical	\$249.00
818 Unique Management Services (January 2021)	\$53.70
818 Rose Pest Solutions	\$250.00
818 Hoopla January 2021 Usage	\$343.09
818 Michigan Office Solutions	\$353.20
818 Michigan Office Solutions	\$66.98
827 Foster Swift Collins & Smith	\$180.00
921 DTE due 2/1/21	\$932.89
921 DTE due 3/1/21	\$882.81
923 Consumers Energy due 2/17/21	\$1,472.17
927 Hazel Park Water Dept. 12/2/20-1/4/21	\$44.76
927 Tringali Sanitation, Inc. 12/1/20-1/31/21	\$140.00
931 Able Plumbing & Contracting, Inc.	\$3,213.00
931 5 Points Elevator	\$883.00
931 Able Plumbing & Contracting, Inc.	\$177.50
982 Able Plumbing & Contracting, Inc.	\$4,609.36
Total	\$15,949.01

**HAZEL PARK MEMORIAL DISTRICT
LIBRARY**

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

June 30, 2020

HAZEL PARK MEMORIAL DISTRICT LIBRARY

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Hazel Park Memorial District Library Board
Hazel Park Memorial District Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hazel Park Memorial District Library (the "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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library'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 Library'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.

To the Members of the Hazel Park Memorial District Library Board
Hazel Park Memorial District Library
Page Two

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Library as of June 30, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, the schedule of the Library's proportionate share of the net pension liability of the City of Hazel Park's pension plan, the schedule of pension contributions to the City of Hazel Park's pension plan, the schedule of the Library's proportionate share of the net liability of the City of Hazel Park's OPEB plan, and the schedule of OPEB contributions to the City of Hazel Park's OPEB plan 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

UHY LLP

Farmington Hills, Michigan
December 23, 2020

**HAZEL PARK MEMORIAL DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Our discussion and analysis of Hazel Park Memorial Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Library's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2020:

- The Library's fund balance decreased by \$127,844.
- The Library presented an amended budget anticipating use of fund balance of \$133,211. Actual use of fund balance was \$127,844, or \$5,367 better than anticipated.

Using this Annual Report

This annual report consists of financial statements presenting both a fund-based view and a government-wide view of the Library.

The General Fund column presents a short-term view; it tells us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. The General Fund modified accrual basis financial statements provide detailed information about the Library's current financial resources. This information is important, as it demonstrates compliance with various state laws and shows the stewardship of the Library's annual property tax and other revenue.

The government-wide columns provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing Library services. The Library's full accrual basis financial statements present information about the Library's total economic resources, including long-lived assets and long-term obligations. This information is important as it recognizes the long-term ramifications of decisions made by the Library on an ongoing basis.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

The Library as a Whole

The following table shows the current year's net position(deficit) compared to the prior year:

	June 30,	
	<u>2020</u>	<u>2019</u>
Assets		
Cash and investments	\$ 260,674	\$ 389,031
Capital assets	<u>288,558</u>	<u>203,124</u>
Total assets	<u>549,232</u>	<u>592,155</u>
Deferred Inflows of Resources		
Pension	94,691	113,104
OPEB	<u>81</u>	<u>37,545</u>
	<u>94,772</u>	<u>150,649</u>
Total assets and deferred outflows	<u>644,004</u>	<u>742,804</u>
Liabilities		
Current liabilities		
Accounts payable	8,136	10,483
Other current liabilities	<u>18,852</u>	<u>17,018</u>
Total current liabilities	<u>26,988</u>	<u>27,501</u>
Long-term liabilities		
Accumulated employee benefits		
Due within one year	5,669	5,205
Due in more than one year	5,015	4,365
Other postemployment benefit obligation	504,389	841,026
Net pension liability	<u>1,006,271</u>	<u>968,698</u>
Total long-term liabilities	<u>1,521,344</u>	<u>1,819,294</u>
Deferred Inflows of Resources - OPEB	<u>75,634</u>	<u>11,000</u>
Total liabilities and deferred inflows	<u>1,623,966</u>	<u>1,857,795</u>
Net Position (Deficit)		
Net investment in capital assets	288,558	203,124
Unrestricted (deficit)	<u>(1,268,520)</u>	<u>(1,318,115)</u>
Total net position (deficit)	<u>\$ (979,962)</u>	<u>\$ (1,114,991)</u>

**HAZEL PARK MEMORIAL DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The Library as a Whole (Continued)

The following table shows the current year's changes in net position(deficit) compared to the prior year:

	June 30,	
	<u>2020</u>	<u>2019</u>
Revenue		
Property taxes	\$ 461,934	\$ 447,268
State aid	24,966	18,769
Penal fines	38,067	37,021
Donations	17,415	14,429
Interest	1,085	1,066
Other	8,021	11,526
	<u>551,488</u>	<u>530,079</u>
Expenses		
Salaries and fringes	205,033	155,228
Supplies	14,179	13,447
Professional services	82,654	66,126
Utilities	20,422	19,392
Maintenance and capital outlay	24,168	18,307
Insurance	8,846	6,876
Depreciation and amortization	50,292	47,498
Other operating expenditures	10,865	12,237
	<u>416,459</u>	<u>339,111</u>
Change in Net Position (Deficit)	135,029	190,968
Net Position (Deficit), Beginning of year	<u>(1,114,991)</u>	<u>(1,305,959)</u>
Net Position (Deficit), End of year	<u>\$ (979,962)</u>	<u>\$ (1,114,991)</u>

The Library's net deficit decreased 12% percent from a year ago – from \$(1,114,991) to \$(979,962). There was an increase in expenses including professional services and maintenance related to building projects, with the largest increase relating to salaries and fringes, including salaries, healthcare, and retirement costs.

Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, increased by \$49,595. The Library no longer has unrestricted net position, rather, is in a deficit again for 2020.

**HAZEL PARK MEMORIAL DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The Library's total revenue increased slightly by approximately \$21,000. The increase was related primarily to an increase in property taxes. Expenses increased by approximately \$77,000 from the prior year, related primarily to the addition of library staff.

Fund Financial Statements

The Library has only one fund, the General Fund, which accounts for all of its day-to-day operations and any capital and maintenance activities. The Library was again able to add to fund balance. This was due primarily to continued cost control efforts implemented by the Library and increase in property values in the City.

Operations of the General Fund are financed by revenue from local property taxes, penal fines, state aid, and other resources. The City continues to see an increase in property values and while the Library realized a slight increase in property tax revenue collected.

The most significant operating costs of the Library are personnel and related staffing expenses. Total salaries and fringe benefits expense was approximately \$382,000 during the current year. This is an increase from 2019 by approximately \$47,000.

During 2020, the Board committed \$100,000 for maintenance and replacement. Additionally, \$40,000 has been set aside for retiree healthcare costs.

Budgetary Highlights

Other revenue fell slightly short of the amended budget, but revenues in total were favorable compared to budget by approximately \$10,000.

Total expenditures were over budget by approximately \$4,000. The Library used \$127,844 of fund balance; the amended budget presented a use of fund balance of \$133,211 for 2020.

**HAZEL PARK MEMORIAL DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Capital Asset and Debt Administration

As summarized in Note 4, during 2020, the Library accumulated additions to capital assets in the amount of \$135,726 for collection materials, building improvements, and furniture and fixtures.

Economic Factors and Next Year's Budgets and Rates

The tax base in the City of Hazel Park continued to increase in 2020 and is expected to continue to increase for the 2020-2021 fiscal year. Given that property taxes make up approximately 80 percent of the Library's revenue, it is important to the Library to have property values stabilize. The Library board will continue to monitor and evaluate the financial position of the Library on a regular basis and make changes to the budget as necessary.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, patrons, and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Library director at 123 East 9 Mile Road, Hazel Park, MI 48030 or visit the Library's website at www.hazel-park.lib.mi.us.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
GENERAL FUND BALANCE SHEET/STATEMENT OF NET POSITION (DEFICIT)
June 30, 2020

	General Fund - Modified Accrual Basis	GASB 34 Adjustments	Statement of Net Position - Full Accrual Basis
Assets			
Cash and cash equivalents	\$ 260,674	\$ -	\$ 260,674
Depreciable capital assets, net	-	288,558	288,558
Total assets	<u>260,674</u>	<u>288,558</u>	<u>549,232</u>
Deferred Outflows of Resources			
Pension	-	94,691	94,691
OPEB	-	81	81
	<u>-</u>	<u>94,772</u>	<u>94,772</u>
Total assets and deferred outflows	<u>\$ 260,674</u>	<u>\$ 383,330</u>	<u>\$ 644,004</u>
Liabilities			
Accounts payable	\$ 8,136	\$ -	\$ 8,136
Accrued and other liabilities	18,852	-	18,852
Long-term liabilities			
Accumulated employee benefits - Due within one year	-	5,669	5,669
Accumulated employee benefits - Due in more than one year	-	5,015	5,015
Net OPEB liability	-	504,389	504,389
Net pension liability	-	1,006,271	1,006,271
Total liabilities	<u>26,988</u>	<u>1,521,344</u>	<u>1,548,332</u>
Deferred Inflows of Resources - OPEB	<u>-</u>	<u>75,634</u>	<u>75,634</u>
Fund Balance			
Committed for			
Maintenance and replacement	100,000	(100,000)	-
Retiree health care	40,000	(40,000)	-
Unassigned	93,686	(93,686)	-
Total fund balance	<u>233,686</u>	<u>(233,686)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 260,674</u>	<u>1,363,292</u>	
Net Position (Deficit)			
Investment in capital assets		288,558	288,558
Unrestricted (deficit)		(1,268,520)	(1,268,520)
Total net position (deficit)		<u>\$ (979,962)</u>	<u>\$ (979,962)</u>

The accompanying notes are an integral part of the financial statements.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	General Fund - Modified Accrual Basis	GASB 34 Adjustments	Statement of Activities - Full Accrual Basis
Operating Revenue			
Property taxes	\$ 461,934	\$ -	\$ 461,934
State aid	24,966	-	24,966
Penal fines	38,067	-	38,067
Donations	17,415	-	17,415
Interest	1,085	-	1,085
Other	8,021	-	8,021
	<u>551,488</u>	<u>-</u>	<u>551,488</u>
Operating Expenditures			
Salaries and fringes	382,472	(177,439)	205,033
Supplies	14,179	-	14,179
Professional services	82,654	-	82,654
Utilities	20,422	-	20,422
Maintenance and capital outlay	140,406	(116,238)	24,168
Insurance	8,846	-	8,846
Collection	19,488	(19,488)	-
Depreciation and amortization	-	50,292	50,292
Other operating expenditures	10,865	-	10,865
	<u>679,332</u>	<u>(262,873)</u>	<u>416,459</u>
Change in Fund Balance/Net Position	(127,844)	262,873	135,029
Fund Balance/Net Position (Deficit), Beginning of year	<u>361,530</u>	<u>(1,476,521)</u>	<u>(1,114,991)</u>
Fund Balance/Net Position (Deficit), End of year	<u>\$ 233,686</u>	<u>\$ (1,213,648)</u>	<u>\$ (979,962)</u>

The accompanying notes are an integral part of the financial statements.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hazel Park Memorial District Library (the "Library") is located in the City of Hazel Park, Michigan (the "City"). The Library is primarily funded through a tax levy, fines, and fees. Revenue is used to operate and staff the Library.

The accounting policies of the 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 Hazel Park Memorial District Library:

Reporting Entity

The Library is governed by a seven-member elected board. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

Modified Accrual and Full Accrual Data

The Library has one fund, the General Fund, which is the Library's primary operating fund.

The General Fund is budgeted and accounted for 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 revenue to be available if it is collected within 60 days of the end of the current fiscal period. Generally, expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

In addition to presenting information for the General Fund on the modified accrual basis (as budgeted), the basic financial statements present information for the Library as a whole, using the economic resources measurement focus and the accrual basis of accounting. This information is intended to demonstrate the degree to which taxpayers have funded the full cost of services received. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Amounts

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

Capital Assets - Generally, capital assets are defined by the Library as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation and amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Building improvements	10 - 20 years
Furniture and equipment	5 - 20 years
Collection	3 - 5 years

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has two items that qualify for reporting in this category, which are the deferred outflows of resources related to the defined benefit pension plan and OPEB plan. The deferred outflows of resources related to the defined benefit pension plan and OPEB plan are reported in the government-wide financial statements. The deferred outflows of resources related to the pension plan result from the difference between projected and actual experience, difference between projected and actual investment earnings, changes in assumptions, and library contributions made after the measurement date of the net pension liability. The deferred outflows of resources related to the OPEB plan result from differences projected and actual investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category, which is related to the deferred inflows of resources related to the OPEB plan. The deferred inflows of resources related to the OPEB plan is reported in the government-wide financial statements. The deferred inflows of resources result from the difference between the projected and actual experience and changes in assumptions of the OPEB plan.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pension - The Library offers pension benefits to qualified retirees. The Library records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs - The Library offers healthcare benefits to qualified retirees. The Library's actuarial valuation to compute the OPEB liability is incorporated with the valuation of the City of Hazel Park. The Library's share of the net OPEB liability is allocated based on wages. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements, the Library reports the full accrual cost.

Property Taxes - Properties are assessed as of December 31. The related property taxes are billed on July 1 and become a lien on the following December 1. The taxes are due on February 14, with the final collection date of February 28 before they are added to the county tax rolls.

The 2019 taxable valuation totaled approximately \$205 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.4082 mills for operating purposes. This resulted in approximately \$495,000 in tax revenue.

Use of Estimates

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

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable** - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted** - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for specific purpose.
- **Committed** - Amounts that have been formally set aside by the Library board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Library board.
- **Assigned** - Intent to spend resources on specific purposes expressed by the governing body remains with the Library board.
- **Unassigned** - Amounts that do not fall into any other category above.

When both restricted and unrestricted resources are available for use, the Library follows the practice to use restricted resources first, then unrestricted resources as needed.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - RECONCILIATION OF GENERAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's General Fund differs from net position and change in net position of the governmental activities reported in the statement of net position and statement of activities. This difference results primarily from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the General Fund balance sheet and statement of revenue, expenditures, and changes in fund balance. The following is a reconciliation of fund balance on the modified accrual basis of accounting to net position presented on the full accrual basis:

Total Fund Balance - Modified accrual basis	\$ 233,686
--	-------------------

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

Capital assets are not financial resources and are not reported in the funds	288,558
--	---------

Certain pension contributions and changes in pension plan net position are reported as deferred inflows/outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	94,772
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Certain changes in OPEB liability are reported as deferred inflows of resources in the statement of net position, but are reported as expenses in the governmental funds	(75,634)
--	----------

Long-term liabilities are not due and payable in the current period and are not reported in the funds	
Net pension liability	(1,006,271)
Net OPEB liability	(504,389)
Compensated absences	(10,684)
	<u> </u>

Net Position (Deficit) - Full accrual basis	<u>\$ (979,962)</u>
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HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - RECONCILIATION OF GENERAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The following is a reconciliation of the change in fund balance on the modified accrual basis to the change in net position on the full accrual basis:

Total Fund Balance - Modified accrual basis \$ (127,844)

Amounts reported in the statement of activities are different because:

Capital assets are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation

Building improvements	108,777
Library books, periodicals, audiovisual materials, etc.	19,488
Furniture and equipment	7,461
Depreciation	(50,292)

Governmental funds report expenditures for pension in the statement of activities and the change in net pension liability does not require the use of current financial resources (55,986)

Governmental funds report expenditures for OPEB in the statement of activities and the change in net OPEB liability does not require the use of current financial resources 234,539

Accumulated employee sick and vacation pay are recorded when earned in the statement of activities (1,114)

Change in Net Position - Full accrual basis \$ 135,029

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Library is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library does not have any specified financial institutions for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the authorized investment vehicles listed above. The Library's deposits and investment policies are in accordance with statutory authority.

The Library's cash and investments are subject to two types of risk which are examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library has \$25,969 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Library believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library does not have a policy for custodial credit risk. At year end, the Library had no investment securities that were uninsured and unregistered, held by the counterparty, or by its trust department or agent but not in the Library's name.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Library is as follows:

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Capital assets being depreciated				
Building improvements	\$ 101,326	\$ 108,777	\$ -	\$ 210,103
Furniture and equipment	429,172	7,461	-	436,633
Collections - library books, cds, and audio/visual	<u>1,285,723</u>	<u>19,488</u>	<u>(27,585)</u>	<u>1,277,626</u>
Subtotal	1,816,221	135,726	(27,585)	1,924,362
Accumulated depreciation and amortization	<u>(1,613,097)</u>	<u>(50,292)</u>	<u>27,585</u>	<u>(1,635,804)</u>
Net capital assets being depreciated	<u>\$ 203,124</u>	<u>\$ 85,434</u>	<u>\$ -</u>	<u>\$ 288,558</u>

NOTE 5 - BUDGET INFORMATION

The annual budget is prepared by the Library director and adopted by the Library board; subsequent amendments are approved by the Library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2020 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted by the Library board can be seen by examining the totals in the budgetary comparison schedule - General Fund in the required supplemental information section.

Excess of Expenditures Over Appropriations

	Amended Budget	Actual	Variance
General Fund			
Salaries and fringes	\$ 377,149	\$ 382,472	\$ (5,323)
Supplies	\$ 10,405	\$ 14,179	\$ (3,774)

The excess expenditures were attributed to higher costs than expected.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for property loss, torts, errors and omissions, and employee injuries (workers' compensation claims) through the Michigan Municipal League. The Library participates in the City of Hazel Park, Michigan's self-insurance program for medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Library pays premiums to the City of Hazel Park, Michigan's medical benefits self-insurance program. The City uses premiums collected from the Library and from City funds to pay for healthcare benefits for Library and City employees. Although premiums are paid to the City's self-insurance program and those premiums are used to pay claims, the ultimate liability for those claims remains with the Library.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Library provides a pension for substantially all full-time employees of the Library through the City of Hazel Park, Michigan's participation in the Michigan Municipal Employees' Retirement System of Michigan pension plan (MERS). MERS of Michigan is an agent multiple-employer plan that keeps separate accounts for each member. However, the Library pools its participation in MERS with the City of Hazel Park (which is not part of the same financial reporting entity) and therefore reports its participation as a cost-sharing multiple employer plan. The pension system issues a publicly available financial report that can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided - The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Retirement benefits for employees are calculated at 2.2 percent of the employee's final two-year average salary times the employee's years of service with no retirement maximum. Members contribute 5 percent of their salaries to fund benefits. Normal retirement age is 60 years with a 10-year vesting period. Early retirement with unreduced benefits after 25 years of service, at age 55 with 15 years of service, or at age 50 with 20 years of services.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

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

The Library is required to contribute at actuarial required rates; the current rate is 43.3 percent of payroll. For the year ended June 30, 2020, the active employee contribution rate was 5 percent of annual pay and the Library's contribution to the plan was \$43,988.

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2020, the Library reported a liability of \$1,006,271 for its proportionate share of the net pension liability attributable to the City of Hazel Park (including the Library). The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's actuarially required contribution for the year ended June 30, 2020, relative to all other contributing employers. At December 31, 2019, the Library's proportion was 2.4 percent.

For the year ended June 30, 2020, the Library recognized pension expense of \$112,278. At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,183	\$ -
Net difference between projected and actual earnings on pension plan investments	15,844	-
Changes in assumptions	39,233	
Employer contributions to the plan subsequent to the measurement date	27,431	-
Total	<u>\$ 94,691</u>	<u>\$ -</u>

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability, Deferrals, and Pension Expense (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$27,431), which will impact the net pension liability in fiscal year 2020, rather than pension expense.

Years Ending June 30,	Amount
2021	\$ 29,141
2022	\$ 26,267
2023	\$ 11,132
2024	\$ 720

Actuarial Assumptions – The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	2.50 - 8.84%	Including inflation Gross of pension plan investment expense, including inflation
Investment rate of return	7.60%	

The mortality table used to project the mortality experience of nondisabled plan members is a 50 percent male – 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For disabled retirees, the RP-2014 Disabled Retiree Mortality Table is used with a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study in 2009 - 2013.

Discount Rate – The discount rate used to measure the total pension liability was 7.6 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as December 31, 2019, the measurement date, for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Total Market Portfolio		
Global equity	60.0%	3.70%
Global fixed income	20.0%	0.30%
Private investments	20.0%	1.30%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Library, calculated using the discount rate of 7.6 percent, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.6 percent) or one percentage point higher (8.6 percent) than the current rate:

	<u>1% Decrease (6.6%)</u>	<u>Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Net pension liability of the Library	\$ 1,193,446	\$ 1,006,271	\$ 849,144

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resource measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee’s contributions are recognized as expense when due and payable in accordance with the benefit terms.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The Library provides healthcare benefits to all full-time employees upon retirement, in accordance with labor contracts. The Library participates in the City of Hazel Park, Michigan’s plan. Currently, the plan has 197 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The plan is closed to new members.

This is a single-employer defined benefit plan administered by the City of Hazel Park, Michigan. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Benefits Provided - The OPEB plan provides healthcare benefits for retirees and their spouses. Benefits are provided through a third-party insurer and the full cost of the benefits is covered by the plan for employees who are hired before specified dates and have reached normal retirement, as defined.

Contributions - Retiree healthcare costs are funded by the City and Library on a ‘pay-as-you-go’ basis. The City and Library have no obligation to make contributions in advance of when the insurance premiums are due for payment. This is a pay-as-you-go plan. For the fiscal year ended June 30, 2020, the Library made payments for postemployment healthcare benefits of \$20,344.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability - At June 30, 2020, the Library reported a liability of \$504,389 for its proportionate share of the net OPEB liability. The total was measured as of June 30, 2020 and was determined by an actuarial valuation as of December 31, 2018. At June 30, 2020 the Library's proportion was 1.0 percent.

OPEB Expense and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the Library recognized OPEB recovery of \$(215,643).

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

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,652
Net difference between projected and actual earnings on pension plan investments	81	-
Changes in assumptions	-	73,982
Total	\$ 81	\$ 75,634

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

Year Ending June 30,	Amount
2021	\$ 75,613
2022	\$ (20)
2023	\$ (20)
2024	\$ (20)
	\$ 75,553

Actuarial Assumptions - Actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actual experience study covering the five-year period ending December 31, 2013. The total OPEB liability as of June 30, 2020 was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.0 to 14.0 percent; a healthcare cost trend rate of 8.5 percent reduced by decrements to an ultimate rate of 4.5 percent in year 17 and later, and the RP-2000 Mortality Combined Healthy Tables projected 20 years with U.S. Projection Scale BB. In addition, 100 percent of active employees currently receiving healthcare were assumed to elect retiree coverage. These assumptions were applied to all periods included in the measurement, except for the discount rate, which was 3.13 percent in the calculation of the beginning of year total OPEB liability.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the net OPEB liability at June 30, 2020 was 7.0 percent; however, the discount rate used to measure the total OPEB liability at the beginning of the year was 3.13 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the OPEB plan's net fiduciary position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Investment Rate of Return - The long-term expected rate of return on the OPEB plan investments was determined using a forward-looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimate of arithmetic real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Total Market Portfolio		
Global equity	60.0%	3.70%
Global fixed income	20.0%	0.30%
Private investments	20.0%	1.30%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Library, calculated using the discount rate of 7.0 percent, as well as what the Library's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1 Percent Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1 Percent Increase (8.00%)</u>
Net OPEB liability of the Plan	\$ 568,355	\$ 504,389	\$ 451,557

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB liability of the Library, calculated using the healthcare cost trend rate of 8.5 percent, as well as what the Library's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.0% Decreasing to 2.5%)	Current Healthcare Cost Trend Rate (9.0% Decreasing to 3.5%)	1 Percent Increase (10.0% Decreasing to 4.5%)
Net OPEB liability of the Plan	\$ 444,589	\$ 504,389	\$ 576,604

Investment Policy - The City has by resolution set aside advanced funding of this obligation in the Municipal Employees' Retirement System Retiree Health Funding Vehicle (MERS RHFV), which is held in a separate reserve, but invested on a pooled basis by MERS with other governmental units. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917 or www.mersofmichigan.com.

Concentrations - At June 30, 2020, the plan held 100 percent of its investment portfolio in MERS RHFV.

Rate of Return - For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (9.2) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 9 - TAX ABATEMENTS

The City uses Brownfield Redevelopment Agreements that were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2020, the Library abated \$18,044 of taxes under these agreements. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the City's tax revenue.

HAZEL PARK MEMORIAL DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - COVID-19 PANDEMIC

In March 2020, U.S. and global economies reacted negatively in response to worldwide concern due to the economic impacts of COVID-19. These trends, including a potential economic downturn, and any potential resulting direct and indirect negative impact to the Library cannot be determined but may have a material prospective impact to the Library's operations and cash flows. The impact on the Library's future operating costs and revenue cannot be estimated.

NOTE 11 - SUBSEQUENT EVENTS

Library's management has performed a review of events subsequent to the balance sheet date through December 23, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

HAZEL PARK MEMORIAL DISTRICT LIBRARY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Operating Revenue				
Property taxes	\$ 442,018	\$ 459,040	\$ 461,934	\$ 2,894
State aid	18,500	18,449	24,966	6,517
Penal fines	35,000	38,067	38,067	-
Donations	14,000	17,415	17,415	-
Interest	900	1,025	1,085	60
Other	13,800	8,056	8,021	(35)
Total operating revenue	524,218	542,052	551,488	9,436
Operating Expenditures				
Salaries and fringes	299,508	377,149	382,472	(5,323)
Supplies	11,200	10,405	14,179	(3,774)
Professional services	66,500	84,657	82,654	2,003
Utilities	19,700	21,370	20,422	948
Maintenance and capital outlay	19,500	140,406	140,406	-
Insurance	7,200	8,846	8,846	-
Collection	38,000	21,000	19,488	1,512
Other operating expenditures	11,500	11,430	10,865	565
Total operating expenditures	473,108	675,263	679,332	(4,069)
Change in Fund Balance/Net Position	51,110	(133,211)	(127,844)	5,367
Fund Balance, Beginning of year	361,530	361,530	361,530	-
Fund Balance, End of year	\$ 412,640	\$ 228,319	\$ 233,686	\$ 5,367

HAZEL PARK MEMORIAL DISTRICT LIBRARY
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY TO THE CITY OF HAZEL PARK PENSION PLAN
LAST SIX FISCAL YEARS (Schedule is built prospectively upon implementation of GASB 68)

	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability	2.40%	2.00%	3.50%	3.50%	3.20%	3.01%
Library's proportionate share of the net pension liability	\$ 1,006,271	\$ 968,698	\$ 1,206,966	\$ 1,201,437	\$ 1,113,578	\$ 838,616
Library's covered employee payroll	\$ 55,120	\$ 51,300	\$ 50,036	\$ 48,209	\$ 45,277	\$ 64,500
Library's proportionate share of the net pension liability as a percentage of its covered employee payroll	1825.60%	1888.30%	2412.20%	2492.14%	2459.48%	1300.18%
Plan fiduciary net position as a percentage of total pension liability	43.30%	43.70%	41.10%	39.90%	43.39%	55.30%

HAZEL PARK MEMORIAL DISTRICT LIBRARY
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS TO THE CITY OF HAZEL PARK PENSION PLAN
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 43,988	\$ 34,004	\$ 31,471	\$ 26,450	\$ 28,990	\$ 36,524	\$ 43,949	\$ 40,014	\$ 49,656	\$ 20,773
Contributions in relation to the actuarially determined contribution	43,988	34,004	31,471	26,450	28,990	36,524	43,949	40,014	49,656	20,773
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 55,120	\$ 51,300	\$ 50,036	\$ 48,209	\$ 45,277	\$ 64,500	\$ 85,862	\$ 85,862	\$ 124,052	\$ 124,052
Contributions as a percentage of covered employee payroll	79.80%	66.28%	62.90%	54.87%	64.03%	56.63%	51.19%	46.60%	40.03%	16.75%

HAZEL PARK MEMORIAL DISTRICT LIBRARY
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET
OPEB LIABILITY TO THE CITY OF HAZEL PARK OPEB PLAN
LAST THREE FISCAL YEARS (Schedule is built prospectively upon implementation of GASB 75)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Library's proportion of the net OPEB liability	1.00%	1.00%	1.00%
Library's proportionate share of the net OPEB liability	\$ 504,389	\$ 841,026	\$ 704,201
Library's covered employee payroll	\$ 55,120	\$ 51,300	\$ 50,036
Library's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	915.07%	1639.43%	1407.39%

HAZEL PARK MEMORIAL DISTRICT LIBRARY
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS TO THE CITY OF HAZEL PARK OPEB PLAN
LAST THREE FISCAL YEARS (Schedule is built prospectively upon implementation of GASB 75)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 68,068	\$ 52,040	\$ 52,525
Contributions in relation to the actuarially determined contribution	<u>20,344</u>	<u>14,744</u>	<u>13,333</u>
Contribution excess (deficiency)	<u>\$ (47,724)</u>	<u>\$ (37,296)</u>	<u>\$ (39,192)</u>
Covered employee payroll	\$ 55,120	\$ 51,300	\$ 50,036
Contributions as a percentage of covered employee payroll	36.91%	28.74%	26.65%