
**SCENIC REGIONAL
LIBRARY DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2017

SCENIC REGIONAL LIBRARY DISTRICT
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

December 13, 2017

Board of Trustees
SCENIC REGIONAL LIBRARY DISTRICT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the **SCENIC REGIONAL LIBRARY DISTRICT** (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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 the modified cash basis of accounting described in Note A-3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion on Governmental Activities

Management has not recorded capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles applied to such modified cash basis of accounting require that those capital assets be capitalized and depreciated, which would increase the assets and net position and may modify expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effect on the financial statements of the omission described above and the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

Basis of Accounting

We draw attention to Note A-3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole on the basis of accounting described in Note A-3.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**SCENIC REGIONAL LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

As management of the Scenic Regional Library District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2017. We encourage readers to consider the information presented here along with the District's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the District exceeded its liabilities for the most recent fiscal year by \$5,957,837. The District has unrestricted net position of \$5,920,834.
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$24,167,837.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,593,789.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position - modified cash basis presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the District's net position changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The District has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds. It should be noted that the District does not have any fiduciary or proprietary funds.

**SCENIC REGIONAL LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

The District maintains two governmental funds. Information is presented separately in the governmental funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund and Building Fund all of which are considered major funds.

The District adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for budgeted funds to demonstrate legal compliance with the respective adopted budget.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental funds financial statements.

Supplemental information. This MD&A, the budgetary comparison and pension schedules represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A condensed version of the statement of net position - modified cash basis follows:

	June 30	
	2017	2016
ASSETS		
Cash and other assets	\$ 24,168,283	5,035,869
LIABILITIES		
Payroll taxes payable	446	22,431
Long-term liabilities	18,210,000	-
Total Liabilities	18,210,446	22,431
NET POSITION		
Restricted	37,003	85,609
Unrestricted	5,920,834	4,927,829
Total Net Position	\$ 5,957,837	5,013,438

**SCENIC REGIONAL LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental activities. Governmental activities increased the District's net position by \$944,399. Key elements of this are as follows:

	For The Year Ended June 30 2017	For The Eighteen Months Ended June 30 2016
REVENUES		
Program revenues:		
Charges for services	\$ 67,678	29,038
Capital grants and contributions	260,095	73,623
General revenues:		
Taxes	5,082,900	8,353,976
State aid	17,797	71,965
Investment income	55,891	24,700
Insurance recoveries	-	30,016
Other	-	121,426
Total Revenues	5,484,361	8,704,744
EXPENSES		
Salaries and benefits	1,928,209	2,675,240
Library materials	823,805	1,185,343
Library operations	594,580	1,068,488
Capital outlays	1,101,352	1,153,566
Debt service	92,016	32,005
Total Expenses	4,539,962	6,114,642
CHANGE IN NET POSITION	944,399	2,590,102
SPECIAL ITEM - MERGER	-	106,150
NET POSITION, JULY 1	5,013,438	2,317,186
NET POSITION, JUNE 30	\$ 5,957,837	5,013,438

Change in net position. The increase in net position of \$944,399 was largely attributable to an increase in contributions and a decrease in expenses in the current year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**SCENIC REGIONAL LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental funds. The focus of the District's governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2017, the General Fund's unassigned fund balance was \$4,593,789.

LONG-TERM DEBT

During the year ended June 30, 2017 the District issued \$18,210,000 in Certificates of Participation to fund various building projects. As of June 30, 2017, \$18,210,000 remained outstanding.

Additional information on the District's long-term debt can be found in Note E in the notes to the basic financial statements.

SIGNIFICANT VARIANCES BETWEEN BUDGETS AND ACTUAL REVENUES AND EXPENDITURES

In the General Fund, the following significant variances occurred between budget and actual revenues and expenditures:

- Actual revenue exceeded budgeted revenue by \$362,267 due to conservative budgeting.
- Actual expenditures were under budget by \$630,738.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District expects revenues and expenditures in the General Fund to stay about the same in 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Scenic Regional Library District
304 Hawthorne Drive
Union, MO 63084

SCENIC REGIONAL LIBRARY DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 24,069,090
Deposit	<u>99,193</u>
Total Assets	<u>24,168,283</u>
LIABILITIES	
Payroll taxes payable	446
Long-term liabilities:	
Due within one year	240,000
Due in more than one year	<u>17,970,000</u>
Total Liabilities	<u>18,210,446</u>
NET POSITION	
Restricted for building	37,003
Unrestricted	<u>5,920,834</u>
Total Net Position	<u>\$ 5,957,837</u>

SCENIC REGIONAL LIBRARY DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Capital Grants And Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	Expenses			
Governmental Activities				
Salaries and benefits	\$ 1,928,209	-	-	(1,928,209)
Library materials	823,805	-	-	(823,805)
Library operations	594,580	67,678	-	(526,902)
Capital outlay	1,101,352	-	260,095	(841,257)
Debt service	92,016	-	-	(92,016)
Total Governmental Activities	<u>\$ 4,539,962</u>	<u>67,678</u>	<u>260,095</u>	<u>(4,212,189)</u>
General Revenues				
Taxes				5,082,900
State aid				17,797
Investment income				55,891
Total General Revenues				<u>5,156,588</u>
CHANGE IN NET POSITION				944,399
NET POSITION, JULY 1				<u>5,013,438</u>
NET POSITION, JUNE 30				<u>\$ 5,957,837</u>

See notes to financial statements

SCENIC REGIONAL LIBRARY DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Building	Total
ASSETS			
Cash and investments	\$ 5,822,087	18,247,003	24,069,090
Deposit	99,193	-	99,193
Total Assets	\$ 5,921,280	18,247,003	24,168,283
 LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll taxes payable	\$ 446	-	446
Fund Balances			
Restricted for building	-	18,247,003	18,247,003
Committed to:			
Buildings	1,045,600	-	1,045,600
Endowment	281,445	-	281,445
Unassigned	4,593,789	-	4,593,789
Total Fund Balances	5,920,834	18,247,003	24,167,837
Total Liabilities And Fund Balances	\$ 5,921,280	18,247,003	24,168,283

SCENIC REGIONAL LIBRARY DISTRICT
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS
OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

Total Fund Balances - Governmental Funds \$ 24,167,837

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

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the governmental funds financial statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net position.

Certificates of Participation (18,210,000)

Total Net Position Of Governmental Activities \$ 5,957,837

SCENIC REGIONAL LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Building</u>	<u>Total</u>
REVENUES			
Taxes	\$ 5,082,900	-	5,082,900
State aid	17,797	-	17,797
Book sales	19,359	-	19,359
Grants and donations	260,095	-	260,095
Investment income	33,818	22,073	55,891
Nonresident fees	3,250	-	3,250
Miscellaneous	45,069	-	45,069
Total Revenues	<u>5,462,288</u>	<u>22,073</u>	<u>5,484,361</u>
EXPENDITURES			
Current:			
Wages	1,573,564	-	1,573,564
Books	31,472	-	31,472
Reference and bibliography	2,338	-	2,338
Periodicals	18,213	-	18,213
Electronic materials	282,123	-	282,123
Other materials	439,099	-	439,099
Utilities	98,929	-	98,929
Rent	59,904	-	59,904
Insurance	37,715	-	37,715
Repairs and maintenance	39,750	-	39,750
Supplies	71,840	-	71,840
Postage	8,719	-	8,719
Employee insurance	228,837	-	228,837
Employee retirement	140,091	-	140,091
Automotive	15,935	-	15,935
Professional fees	75,357	-	75,357
Travel and dues	28,709	-	28,709
Automation	38,349	-	38,349
Miscellaneous	104,862	-	104,862
Programs	50,788	-	50,788
Capital outlay	1,101,352	-	1,101,352
Debt service:			
Principal	16,755	-	16,755
Interest and other fiscal charges	4,582	-	4,582
Debt issuance costs	-	181,681	181,681
Total Expenditures	<u>4,469,283</u>	<u>181,681</u>	<u>4,650,964</u>
REVENUES OVER (UNDER) EXPENDITURES	993,005	(159,608)	833,397
OTHER FINANCING SOURCES			
Issuance of long-term debt	-	18,210,000	18,210,000
Premium on issuance of debt	-	111,002	111,002
Total Other Financing Sources	<u>-</u>	<u>18,321,002</u>	<u>18,321,002</u>
NET CHANGES IN FUND BALANCES	993,005	18,161,394	19,154,399
FUND BALANCES, JULY 1	<u>4,927,829</u>	<u>85,609</u>	<u>5,013,438</u>
FUND BALANCES, JUNE 30	<u>\$ 5,920,834</u>	<u>18,247,003</u>	<u>24,167,837</u>

See notes to financial statements

SCENIC REGIONAL LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Net Change In Fund Balances - Governmental Funds \$ 19,154,399

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

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from debt issuance (18,210,000)

Change In Net Position Of Governmental Activities \$ 944,399

SCENIC REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **SCENIC REGIONAL LIBRARY DISTRICT** (the District) was formed on May 20, 1959 by a cooperative agreement between the Franklin, Gasconade, and Warren County Library Districts. A commission order was approved to establish the District as of December 31, 2014 in all three counties authorizing the consolidation of the Franklin County Library District with the Warren County and Gasconade County Library Districts. The order authorized each county to have the same rate of taxation on assessed valuation.

The District operates facilities in the cities of Warrenton, Hermann, Owensville, Pacific, New Haven, St. Clair, Sullivan, and Union, Missouri. The Union facility also serves as headquarters for the District.

The more significant accounting policies consistently applied by the District in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

The financial statements of the District include the financial activities of the District and any component units, entities which are financially accountable to the District. The District does not currently have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position - modified cash basis and the statement of activities - modified cash basis, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. However, the District has elected not to report capital assets.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as the measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenses/expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The District reports the following major governmental funds:

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

General Fund -- The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund -- The Building Fund accounts for the proceeds of long-term debt, taxes, and other revenues designated for the acquisition or construction of capital assets.

4. Cash and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments, if any, are reported at cost which approximates fair value.

5. Compensated Absences

The District considers compensated absences as expenditures in the year paid. Unused amounts for holiday pay and vacation which are vested in the employee are payable only upon retirement.

Any unused sick days at the time of retirement are lost.

The District accrues hours for the compensated absences of employees. No liability for these accruals has been reported in the financial statements.

Vacation days accrue to exempt employees at 20 days per year and to nonexempt employees at between 10 and 15 days per year depending on length of service. Unused accrued vacation can be carried over for one year.

Sick leave accrues at one day per month and can accumulate up to sixty days.

The District's accrued compensated absences were as follows:

	June 30, 2017	
	Hours	Amount
Sick leave	4,188	\$ 67,753
Vacation	1,827	34,882
Total	<u>6,015</u>	<u>\$ 102,635</u>

The accompanying financial statements are prepared on the modified cash basis of accounting. Therefore, the liability for compensated absences is not required.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Property Taxes

Property taxes may be levied each year on the assessed value listed as of January 1 for all real and personal property in the counties. Property taxes attach as an enforceable lien on property as of January 1. Taxes levied in November are due and payable prior to December 31. Sullivan joined the District effective October 1, 2016.

The following is a summary of the 2016 assessed valuation and tax rates per \$100 of assessed value:

	<u>Assessed Valuation</u>	<u>Tax Levy (Per \$100)</u>
Franklin County	\$ 1,675,812,801	0.2008
Warren County	564,004,479	0.2008
Gasconade County	232,918,531	0.2008
Crawford County	<u>17,304,086</u>	0.2008
Total	<u><u>\$ 2,490,039,897</u></u>	

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

8. Use of Estimates

The preparation of basic financial statements on the modified cash basis of accounting requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

9. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Fund Balance Policies (Continued)

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (resolution) of the Board of Trustees, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the District intends to use for a specific purpose; as determined by the applicable District officials to which the Board of Trustees has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the District will spend the most restricted amounts before the least restricted.

10. Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS' fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. LAGERS' investments are reported at fair value.

Because of the accounting method used, the District does not record the net pension liability (asset), deferred outflows of resources, or deferred inflows of resources for the pension plan.

NOTE B - CASH

1. Bank Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's bank deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH (Continued)

1. Bank Deposits (Continued)

As of June 30, 2017, the District's bank balances were entirely secured or collateralized with securities held by the District or by its agent in the District's name.

2. Investments

As of June 30, 2017, the District had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Primary Government					
Money market funds	\$ 74,731	74,731	-	-	Not rated
Government securities:					
U.S. Treasury Bill	<u>18,086,545</u>	<u>-</u>	<u>18,086,545</u>	<u>-</u>	N/A
Total Investments	<u>\$18,161,276</u>	<u>74,731</u>	<u>18,086,545</u>	<u>-</u>	

Investment Policies

The District's formal investment policies are as follows:

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District minimizes credit risk by investing in substantially risk-free investments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District minimizes concentration of credit risk by considering diversifying the investment portfolio.

3. Fair Value Measurements

The District classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements (Continued)

The inputs and methodologies used for valuing investment securities are not necessarily an indication of the risk associated with investing in those securities.

The District has the following recurring fair value level measurements:

	June 30, 2017			
	Total	Level 1	Level 2	Level 3
Primary Government				
Investments by fair value level:				
Government securities:				
U.S. Treasury Bill	\$ 18,086,545	18,086,545	-	-
Investments not subject to fair value classification:				
Money market funds	74,731			
Total	\$ 18,161,276			

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended June 30, 2017			
	Balance			Balance
	June 30	Increases	Decreases	June 30
	2016			2017
Land	\$ 1,146,649	517,821	-	1,664,470
Construction in progress	234,194	514,151	-	748,345
Buildings	2,810,470	8,572	-	2,819,042
Automotive equipment	154,618	11,662	-	166,280
Equipment	479,507	27,982	-	507,489
Furniture and fixtures	567,723	-	-	567,723
Total Capital Assets	\$ 5,393,161	1,080,188	-	6,473,349

Capital assets are stated at cost and are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets do not include the library book collection and are not depreciated. The accompanying financial statements are prepared on the modified cash basis of accounting. Therefore, capital assets are not included.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLANS

Plan Description

The District's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The District participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	<u>2017</u> <u>Valuation</u>
Benefit multiplier	2% for life
Final average salary	5 years
Member contributions	4%

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>22</u>
Total	<u>39</u>

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLANS (Continued)

Contributions

The District is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. 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 an unfunded accrued liability. Full-time employees of the District contribute 4% to the pension plan. The District's contribution rate is 15.3% of annual covered payroll.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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 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:

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00%	5.29%
Fixed income	26.00	2.93
Real assets	21.00	3.31
Strategic assets	10.00	5.73

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. 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 payment to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a)-(b)</u>
Balances at June 30, 2016	<u>\$ 4,224,480</u>	<u>2,964,099</u>	<u>1,260,381</u>
Changes for the year			
Service cost	110,697	-	110,697
Interest	302,152	-	302,152
Difference between expected and actual experience	(32,189)	-	(32,189)
Contributions - employer	-	140,091	(140,091)
Contributions - employee	-	35,472	(35,472)
Net investment income	-	356,435	(356,435)
Benefit payments, including refunds	(226,459)	(226,459)	-
Administrative expense	-	(3,371)	3,371
Other	-	34,065	(34,065)
Net Changes	<u>154,201</u>	<u>336,233</u>	<u>(182,032)</u>
Balances at June 30, 2017	<u>\$ 4,378,681</u>	<u>3,300,332</u>	<u>1,078,349</u>

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLANS (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 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability	\$1,595,639	1,078,349	641,836

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

For the year ended June 30, 2017, the District's actuarially determined pension expense was \$232,384. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 47,675	(27,588)	20,087
Assumption changes	94,686	-	94,686
Net difference between projected and actual earnings on pension plan investments	87,525	-	87,525
Total	<u>\$ 229,886</u>	<u>(27,588)</u>	<u>202,298</u>

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

**For The Plan
Years Ending
June 30**

2018	\$ 100,209
2019	102,256
2020	33,887
2021	<u>(34,054)</u>
Total	<u>\$ 202,298</u>

Because of the accounting method used, the District does not record the net pension asset, deferred outflows of resources, or deferred inflows of resources for the pension plan.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E - CERTIFICATES OF PARTICIPATION

On February 1, 2017 the District issued \$18,210,000 of certificates of participation, Series 2017, due in annual installments through April 2047, interest payable at 2% to 4%. The certificates are being used to finance construction and improvement of various Library branches.

Annual service requirements to maturity for the revenue bonds are as follows:

For The Years Ending June 30	Principal	Interest	Total
2018	\$ 240,000	805,576	1,045,576
2019	360,000	685,694	1,045,694
2020	370,000	678,494	1,048,494
2021	380,000	667,394	1,047,394
2022	390,000	655,994	1,045,994
2023 - 2027	2,185,000	3,056,270	5,241,270
2028 - 2032	2,625,000	2,610,057	5,235,057
2033 - 2037	3,165,000	2,066,006	5,231,006
2038 - 2042	3,835,000	1,404,200	5,239,200
2043 - 2047	4,660,000	573,800	5,233,800
Total Of Minimum Payments Required	\$ 18,210,000	13,203,485	31,413,485

The following is a summary of the District's long-term debt transactions:

	For The Year Ended June 30, 2017			Balance June 30 2017	Amounts Due Within One Year
	Balance June 30 2016	Additions	Payments		
Certificates of participation	\$ -	18,210,000	-	18,210,000	240,000

The certificates of participation will be reported by the General Fund. Also, the certificates are recorded as a liability on the government-wide financial statements due to the City's receipt of cash for this liability on the modified cash basis of accounting.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE F - NOTE PAYABLE

June 30
2017

Note payable - \$160,000 bearing interest at 6%, payable in monthly installments of \$1,178, including principal and interest, maturing February 2021.

\$ 67,339

The note payable is due to an individual and is secured by a deed of trust for the property purchased. As part of this financing, the District exchanged the property it had owned for the new property and agreed to finance the note payable with the seller of the new property, who in turn, took ownership of the old property. The note payable is not shown as a liability on the modified cash basis of accounting.

Aggregate maturities required on the notes payable are as follows:

For The Years Ending June 30	Principal	Interest	Total
2018	\$ 17,788	3,549	21,337
2019	18,885	2,452	21,337
2020	20,047	1,320	21,367
2021	10,619	185	10,804
Total Of Minimum Payments Required	<u>\$ 67,339</u>	<u>7,506</u>	<u>74,845</u>

NOTE G - LEASES

The District leases its facilities under various lease terms. Future rental payments under these leases to expiration are as follows:

For The Years Ending June 30	Pacific	Owensville	Sullivan	Total
2018	\$ 24,000	6,600	9,000	39,600
2019	-	-	9,000	9,000
2020	-	-	2,250	2,250
Total Of Minimum Payments Required	<u>\$ 24,000</u>	<u>6,600</u>	<u>20,250</u>	<u>50,850</u>

Facilities in St. Clair, New Haven, Warrenton, and Union are owned by the District in which the facility is located.

SCENIC REGIONAL LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H - COMMITMENTS

The District has an agreement under which MOBIUS provides software updates and support to its automated, online book access system. The support agreement amounted to \$8,385 for the year ended June 30, 2017. The agreement is in effect until cancelled by either party.

The District has an agreement under which the University of Missouri system provides internet connectivity, technical support, and training to the District. The agreement amounted to \$27,264 for the year ended June 30, 2017. The agreement is in effect until cancelled by either party.

The District also entered a reciprocal lending agreement with the Washington Municipal Library under which the District will pay a fee for materials borrowed by Library patrons that are in excess of the materials loaned to Washington patrons. The amounts paid under this agreement for the year ended June 30, 2017, was \$69,021.

The District also has other agreements in place for automation support, reciprocal lending, and electronic database access, but the total amounts paid during the eighteen months ended June 30, 2017 were not material to the financial statements taken as a whole.

The District had commitments for construction projects for various Library branches in the amount of \$12,228,367 as of June 30, 2017.

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports \$37,003 in restricted net position, of which all is restricted by enabling legislation.

SUPPLEMENTAL INFORMATION SECTION

SCENIC REGIONAL LIBRARY DISTRICT
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 4,825,565	4,987,131	5,082,900	95,769
State aid	-	-	17,797	17,797
Grants and donations	19,382	4,890	260,095	255,205
Investment income	5,500	18,000	33,818	15,818
Other	40,500	90,000	67,678	(22,322)
Total Revenues	<u>4,890,947</u>	<u>5,100,021</u>	<u>5,462,288</u>	<u>362,267</u>
EXPENDITURES				
Current:				
Wages	1,861,466	1,947,709	1,573,564	(374,145)
Books	100,000	41,728	31,472	(10,256)
Reference and bibliography	3,000	5,000	2,338	(2,662)
Periodicals	18,000	19,000	18,213	(787)
Electronic materials	256,000	265,000	282,123	17,123
Other materials	423,000	497,610	439,099	(58,511)
Utilities	94,000	118,000	98,929	(19,071)
Rent	63,500	62,500	59,904	(2,596)
Insurance	62,000	55,000	37,715	(17,285)
Repairs and maintenance	50,000	50,000	39,750	(10,250)
Supplies	58,278	59,000	71,840	12,840
Postage	8,000	9,000	8,719	(281)
Employee insurance	268,433	263,046	228,837	(34,209)
Employee retirement	166,651	175,132	140,091	(35,041)
Automotive	-	22,000	15,935	(6,065)
Professional fees	77,000	77,000	75,357	(1,643)
Travel and dues	41,000	44,000	28,709	(15,291)
Automation	113,000	114,890	38,349	(76,541)
Miscellaneous	102,000	113,662	104,862	(8,800)
Programs	58,500	65,000	50,788	(14,212)
Capital outlay	1,032,881	1,074,408	1,101,352	26,944
Debt service:				
Principal	16,754	14,430	16,755	2,325
Interest	4,582	6,906	4,582	(2,324)
Total Expenditures	<u>4,878,045</u>	<u>5,100,021</u>	<u>4,469,283</u>	<u>(630,738)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,902</u>	<u>-</u>	993,005	<u>993,005</u>
FUND BALANCE, JULY 1			<u>4,927,829</u>	
FUND BALANCE, JUNE 30			<u>\$ 5,920,834</u>	

**SCENIC REGIONAL LIBRARY DISTRICT
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Data

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The proposed budget is submitted to the Board of Trustees for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any unassigned balance at the end of such year.
- b. Public meetings are conducted to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the Board of Trustees for each fiscal year.
- d. The District prepares its budget for the General Fund on the modified cash basis of accounting.
- e. The Board of Trustees may authorize revisions. All appropriations not spent lapse at fiscal year-end.
- f. During the year the Board of Trustees may authorize supplemental appropriations to the budget.

SCENIC REGIONAL LIBRARY DISTRICT
SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 110,697	88,333	70,804
Interest on the total pension liability	302,152	273,154	265,163
Difference between expected and actual experience	(32,189)	87,487	(9,174)
Changes of assumptions	-	173,758	-
Benefit payments, including refunds	(226,459)	(240,799)	(210,094)
Net Change In Total Pension Liability	<u>154,201</u>	<u>381,933</u>	<u>116,699</u>
Total Pension Liability Beginning	<u>4,224,480</u>	<u>3,842,547</u>	<u>3,725,848</u>
Total Pension Liability Ending (a)	<u>\$ 4,378,681</u>	<u>4,224,480</u>	<u>3,842,547</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 140,091	131,712	87,255
Contributions - employee	35,472	35,561	25,193
Net investment income	356,435	(9,958)	61,127
Benefit payments, including refunds	(226,459)	(240,799)	(210,094)
Administrative expense	(3,371)	(3,281)	(3,355)
Other	34,065	23,469	(118,173)
Net Change In Plan Fiduciary Net Position	<u>336,233</u>	<u>(63,296)</u>	<u>(158,047)</u>
Plan Fiduciary Net Position Beginning	<u>2,964,009</u>	<u>3,027,395</u>	<u>3,185,442</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 3,300,242</u>	<u>2,964,099</u>	<u>3,027,395</u>
Net Pension Liability Ending (a)-(b)	<u>\$ 1,078,439</u>	<u>1,260,381</u>	<u>815,152</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.37 %	70.16	78.79
Covered Employee Payroll (for February 28/29 Valuation)	\$ 777,804	895,239	597,692
Net Pension Liability as a Percentage of Covered Employee Payroll	138.65 %	140.79	136.38

Note: Information is not available for fiscal years prior to 2015.

SCENIC REGIONAL LIBRARY DISTRICT
SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	\$ 112,208	205,198	184,791	130,266	89,102	78,706	102,397	103,536	53,210	54,515
Contributions in relation to the actuarially determined contribution	82,760	138,306	111,498	74,358	64,849	53,902	66,333	61,724	53,210	54,325
Contribution Deficiency (Excess)	\$ 29,448	66,892	73,293	55,908	24,253	24,804	36,064	41,812	-	190
Covered Employee Payroll	\$ 507,730	903,958	779,708	559,085	527,233	477,007	644,012	663,696	641,077	550,655
Contributions as a Percentage of Covered Employee Payroll	16.30 %	15.30	14.30	13.30	12.30	11.30	10.30	9.30	8.30	9.87

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal and modified terminal funding

Amortization method

A level percentage of payroll amortization method is used to amortize the UAAL over closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years

Remaining amortization period

Multiple bases from 12 to 17 years

Asset valuation method

5 years smoothed market; 20% corridor

Inflation

3.25% wage inflation; 2.50% price inflation

Salary increases

3.25% to 6.55%, including wage inflation

Investment rate of return

7.25%, net of investment expenses

Retirement age

Experience-based table of rates that are specific to the type of eligibility condition

Mortality

The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.