## ST. LOUIS COUNTY LIBRARY DISTRICT

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</tbody>
</table>
Independent Auditors' Report

Board of Trustees
St. Louis County Library District

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of St. Louis County Library District as of and for the year ended December 31, 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of St. Louis County Library District as of December 31, 2015, 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.

Change in Accounting Principle

As described in Note 13 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, as amended by GASB No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

St. Louis, Missouri
March 14, 2016
The management’s discussion and analysis of the St. Louis County Library District’s (the “District”) financial performance provides an overall review of the District’s financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District’s financial performance.

FINANCIAL HIGHLIGHTS – 2015

Key financial highlights for 2015 are as follows:

- The District’s net position of $113.3M increased by $12.1M or 12 percent from 2014.
- Unrestricted net position increased $4.5M or 6.99 percent from 2014.
- Total liabilities increased by $6.3M or 10.22 percent from 2014.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District’s specific financial conditions.

Government – Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District’s finances and a longer-term view of those assets. These two statements report the District’s net position and the changes in those assets. This change in net position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District’s tax base and the condition of District capital assets will also need to be evaluated.

The District’s financial statements also include the activity of the St. Louis County Library Foundation, a separate not-for-profit corporation. The Foundation is accounted for as a discretely presented component unit. Accordingly, balances and transactions of the Foundation are presented in a separate column in the government-wide 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. The funds of the District are divided into two categories: governmental funds and fiduciary funds.

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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds. The General Fund is the primary operating fund of the District and reports all of the financial resources of the District except those required to be accounted for in another fund. The Capital Projects Fund is used to account for resources to be used for the acquisition and construction of major capital assets.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

A separately issued report of the Pension Plan may be obtained by writing the St. Louis County Library District Employees’ Pension Plan, 1640 South Lindbergh, St. Louis, Missouri 63131.
Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including a budgetary comparison schedule and other information concerning the District’s progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

St. Louis County Library District as a Whole

The Statement of Net Position presents the District as a whole. Table 1 provides a summary of the District’s net position for 2015 compared to 2014.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>NET POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31,</td>
<td>2015</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>Current and other assets</td>
<td>$ 98,919,648</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>77,595,657</td>
</tr>
<tr>
<td>Total assets</td>
<td>176,515,305</td>
</tr>
<tr>
<td>DEFERRED INFLOWS OF RESOURCES</td>
<td>4,923,421</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6,127,624</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>61,960,364</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>68,087,988</td>
</tr>
<tr>
<td>DEFERRED OUTFLOWS OF RESOURCES</td>
<td>50,447</td>
</tr>
<tr>
<td>NET POSITION</td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>44,460,875</td>
</tr>
<tr>
<td>Restricted</td>
<td>33,585</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>68,805,831</td>
</tr>
<tr>
<td>Total net position</td>
<td><strong>$ 113,300,291</strong></td>
</tr>
</tbody>
</table>
ST. LOUIS COUNTY LIBRARY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED

A portion of the District’s net position, less than .1%, represents resources that are subject to external restrictions on how they may be used. The District shows an increase of 6.99% in unrestricted net position at December 31, 2015 to total $68.8 M.

Assets increased by $10.1M primarily due an increase in capital assets of $29.8M resulting from ongoing construction currently in progress. This increase was partially offset by a decrease in current assets of $19.7M as current assets were used to finance construction.

Deferred inflows of resources in increased $4.9M due to a change in accounting principal in which the net pension liability and deferred amounts related to pensions are now recognized in the financial statements.

Liabilities decreased by $6.3M largely due to a change in the accounting principal in which the net pension liability is now recognized. This increase was partially offset by the payment of principal on the Districts Certificates of Participation.

Table 2 shows the changes in net position for the year 2015 compared to 2014.

<table>
<thead>
<tr>
<th>TABLE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHANGES IN NET POSITION</td>
</tr>
<tr>
<td>Year ended December 31,</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$1,210,770</td>
<td>$1,407,313</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>1,287,539</td>
<td>819,042</td>
</tr>
<tr>
<td>General revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>48,859,608</td>
<td>48,413,005</td>
</tr>
<tr>
<td>Other taxes</td>
<td>426,440</td>
<td>372,633</td>
</tr>
<tr>
<td>Investment income</td>
<td>231,903</td>
<td>218,634</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>99,078</td>
<td>310,805</td>
</tr>
<tr>
<td>Total revenues</td>
<td>52,115,338</td>
<td>51,541,432</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and recreation</td>
<td>38,294,440</td>
<td>38,988,877</td>
</tr>
<tr>
<td>Interest</td>
<td>1,758,617</td>
<td>1,875,449</td>
</tr>
<tr>
<td>Total expenses</td>
<td>40,053,057</td>
<td>40,864,326</td>
</tr>
</tbody>
</table>

| Change in net position | 12,062,281 | 10,677,106 |
| Net position, beginning of year as originally stated | 104,628,438 | 93,951,332 |
| Prior period adjustment for change in accounting principle | (3,390,428) | - |
| Net position, beginning of year as restated | 101,238,010 | 93,951,332 |
| Net position, end of year | $113,300,291 | $104,628,438 |
ST. LOUIS COUNTY LIBRARY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED

The District’s net position increased by $12.1M in 2015 compared to an increase of $10.7M in 2014. Total revenues increased by approximately $574,000 or 1.11% from 2014 and expenses decreased by approximately $811,000 or 1.99%.

Beginning net position decreased by $3.4M as a result of a change in accounting principle to recognize net pension liability.

Fund Financial Analysis

At the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of $85.3, a decrease of $23.0M over the prior year. Fund balance decreased due to the ongoing construction. Capital outlay expenditures totaled approximately $30M during the year. Of the 2015 ending balances, $19.9M, or 23%, is restricted for facilities acquisition and construction, and $39.3M, or 46%, is assigned for 2016 operations. The District has an unassigned fund balance of $9.0M, or 11% of the total fund balance.

General Fund

The General Fund is the chief operating fund of the District. At the end of fiscal year 2015, the General Fund had a fund balance of $65.4, of which $9.0 was unassigned, and $39.3M was assigned for 2016 operations. The General Fund fund balance increased over prior year by $6.3M primarily due to the November 2012 tax rate increase effective for the 2013 tax year, approved by St. Louis County voters.

Capital Projects Fund

In 2013, the St. Louis County Library District opened a Capital Projects Fund which was funded by the issuance of Certificates of Participation in April, 2013. The balance of the Capital Projects Fund at the end of 2015 was $19.9M, all of which was restricted for facility acquisition and construction. The funds being used are part of a three phase plan to improve, or build new, all of the District buildings.

Budgetary Highlights

The District adopts an annual Maintenance and Operations budget for its General Fund that is prepared according to Missouri State Statutes.

During the course of 2015, the District amended its General Fund budget. All recommendations for a budget change are presented by the Library’s Administration to the Board of Trustees. The General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.
Final budgeted revenues for the General Fund were $50,981,487; and the actual revenue was $50,094,912. Revenues were less than the final budget by $886,575 or 1.7%. Actual expenditures of $43,754,656 were under budget by $2,142,432 or 4.7%.

**Capital Assets**

Capital assets for the District as of December 31, 2015 are $77.6M (net of accumulated depreciation).

**TABLE 3**

**CAPITAL ASSETS**

December 31,

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$6,696,138</td>
<td>$6,696,138</td>
</tr>
<tr>
<td>Buildings</td>
<td>59,451,020</td>
<td>31,922,796</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>6,722,743</td>
<td>4,764,672</td>
</tr>
<tr>
<td>Vehicles and trailers</td>
<td>1,101,658</td>
<td>1,063,590</td>
</tr>
<tr>
<td>Collections</td>
<td>40,537,608</td>
<td>38,819,487</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>5,209,968</td>
<td>5,505,320</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>119,719,135</td>
<td>88,772,003</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(42,123,478)</td>
<td>(41,017,638)</td>
</tr>
<tr>
<td><strong>Net property, plant and equipment</strong></td>
<td>$77,595,657</td>
<td>$47,754,365</td>
</tr>
</tbody>
</table>

Capital assets increased by $29.9M, net of accumulated depreciation, due to ongoing construction. Additional information on the District’s capital assets can be found in Note 3 of this report.

**Debt Administration**

At the end of the current fiscal year, the St. Louis County Library District had $53,308,000 in outstanding Certificates of Participation, including unamortized premiums. The debt was issued in April, 2013 and is the first phase of a three phase plan to improve existing Library buildings and to construct new Library buildings which will replace older facilities.

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation debt to five percent of the assessed valuation of the district. However, obligations secured by annually appropriated funds, such as the 2013 Certificates, do not constitute indebtedness for the purposes of any Missouri statutory or constitutional debt limit.
Economic Factors and Next Year’s Budgets

- Assessed valuations in 2015 increased just over 4%. 2016 is not a reassessment year.

- The 2015 budget was prepared using an assessed tax rate of $.246 for residential property, $.259 for commercial property, $.225 for personal property and $.239 for agricultural property.

Contacting the District’s Financial Management

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 and to demonstrate the District’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, St. Louis County Library District, 1640 South Lindbergh Boulevard, St. Louis, MO 63131.
## ST. LOUIS COUNTY LIBRARY DISTRICT

### STATEMENT OF NET POSITION
December 31, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Primary Government</th>
<th>Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental Activities</td>
<td>St. Louis County Library Foundation</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$44,488,508</td>
<td>$2,792,280</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes, net of allowance for uncollectables of $878,859</td>
<td>29,135,882</td>
<td>-</td>
</tr>
<tr>
<td>Financial institution tax</td>
<td>367,012</td>
<td>-</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>62,556</td>
<td>198,135</td>
</tr>
<tr>
<td>Interest</td>
<td>115,646</td>
<td>-</td>
</tr>
<tr>
<td>Due from Foundation</td>
<td>42,390</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>792,848</td>
<td>2,700</td>
</tr>
<tr>
<td>Restricted cash and investments</td>
<td>23,914,806</td>
<td>-</td>
</tr>
<tr>
<td>Land and construction in progress</td>
<td>11,906,106</td>
<td>-</td>
</tr>
<tr>
<td>Other capital assets, net of accumulated depreciation</td>
<td>65,689,551</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>176,515,305</td>
<td>2,993,115</td>
</tr>
</tbody>
</table>

### DEFERRED INFLOWS OF RESOURCES

**Deferred amounts related to pensions** | 4,923,421 | - |

### LIABILITIES

**Accounts payable and accrued expenses** | 4,667,916 | 11,929 |
| Due to District | - | 42,390 |
| Accrued interest | 456,914 | - |
| Accrued vacation | 1,002,794 | - |
| **Noncurrent liabilities:** | | |
| Due within one year | 3,715,000 | - |
| Due in more than one year | | |
| Net pension liability | 8,912,483 | - |
| Other postemployment benefit obligation | 18,800 | - |
| Other | 49,314,081 | - |
| **Total liabilities** | 68,087,988 | 54,319 |

### DEFERRED INFLOWS OF RESOURCES

**Deferred amounts related to pensions** | 50,447 | - |

### NET POSITION

**Net investment in capital assets** | 44,460,875 | - |
| Restricted for endowments, expendable | 33,585 | - |
| Restricted for facilities acquisition and construction | - | 1,814,395 |
| Restricted for other purposes | - | 450,010 |
| Unrestricted | 68,805,831 | 674,391 |
| **Total net position** | $113,300,291 | $2,938,796 |

See notes to financial statements.
ST. LOUIS COUNTY LIBRARY DISTRICT

STATEMENT OF ACTIVITIES
Year ended December 31, 2015

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Program revenues</th>
<th>Operating grants and contributions</th>
<th>Capital grants and contributions</th>
<th>Net (expense) revenue and changes in net position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>$38,294,440</td>
<td>$1,210,770</td>
<td>$1,287,539</td>
<td>$</td>
<td>$(35,796,131)</td>
</tr>
<tr>
<td>Debt service</td>
<td>$1,758,617</td>
<td></td>
<td></td>
<td></td>
<td>$(1,758,617)</td>
</tr>
<tr>
<td>Interest and fiscal charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total primary government</td>
<td>$40,053,057</td>
<td>$1,210,770</td>
<td>$1,287,539</td>
<td>$</td>
<td>$(37,554,748)</td>
</tr>
<tr>
<td>Component unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Louis County Library Foundation</td>
<td>$1,788,937</td>
<td></td>
<td></td>
<td></td>
<td>$(651,551)</td>
</tr>
</tbody>
</table>

General revenues
- Property tax: $48,859,608
- Other taxes: $426,440
- Investment income: $231,903
- Miscellaneous: $99,078

Total general revenues: $49,617,029

CHANGE IN NET POSITION

Net position at January 1, 2015, as restated: $101,238,010
Net position at December 31, 2015: $113,300,291
### ST. LOUIS COUNTY LIBRARY DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS**

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Capital Projects Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$ 44,488,508</td>
<td>$ -</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes, net of allowance for uncollectables of $878,859</td>
<td>29,135,882</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>111,326</td>
<td>4,320</td>
</tr>
<tr>
<td>Financial institution tax</td>
<td>367,012</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>104,946</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>792,848</td>
<td>-</td>
</tr>
<tr>
<td>Restricted cash and investments</td>
<td>-</td>
<td>23,914,806</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 75,000,522</td>
<td>$ 23,919,126</td>
</tr>
</tbody>
</table>

| **LIABILITIES**     |                       |                          |
| Accounts payable and accrued expenses | $ 644,315 | $ 4,023,601 | $ 4,667,916 |

| **DEFERRED INFLOWS OF RESOURCES** |                       |                          |
| Unavailable revenue - property taxes | 8,808,940 | - | 8,808,940 |
| Unavailable revenue - other          | 151,821    | 1,226     | 153,047      |
| **Total deferred inflows of resources** | 8,960,761 | 1,226     | 8,961,987    |

| **FUND BALANCES** |                       |                          |
| Nonspendable (prepaid items) | 792,848 | - | 792,848 |
| Restricted for memorial funds | 33,585 | - | 33,585 |
| Restricted for facilities acquisition and construction | - | 19,894,299 | 19,894,299 |
| Assigned for: |                       |                          |
| 2016 operations | 39,334,707 | - | 39,334,707 |
| Facilities acquisition and construction | 13,736,347 | - | 13,736,347 |
| Pension plan contributions | 2,500,000 | - | 2,500,000 |
| Unassigned | 8,997,959 | - | 8,997,959 |
| **Total fund balances** | 65,395,446 | 19,894,299 | 85,289,745 |

| Total liabilities, deferred inflows of resources, and fund balances | $ 75,000,522 | $ 23,919,126 | $ 98,919,648 |

See notes to financial statements.
ST. LOUIS COUNTY LIBRARY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Total fund balance - governmental funds $ 85,289,745

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $119,719,133 and the accumulated depreciation is $42,123,476.

Certain revenues are not available soon enough to pay for current period expenditures and therefore reported as deferred inflows of resources in the governmental funds.

Deferred outflows of resources are not current financial resources and therefore not reported in the funds.

Certain liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.

Accrued vacation pay (1,002,794)
Accrued interest (456,914)
Net pension liability (8,912,483)
Deferred amounts related to pension (50,447)
Other postemployment benefit obligation (18,800)
Certificates of participation (50,690,000)
Unamortized premium (2,339,081)

Total net position - governmental activities $ 113,300,291

See notes to financial statements.
ST. LOUIS COUNTY LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 47,406,046</td>
<td>-</td>
<td>$ 47,406,046</td>
</tr>
<tr>
<td>Other taxes</td>
<td>426,440</td>
<td>-</td>
<td>426,440</td>
</tr>
<tr>
<td>State aid</td>
<td>486,351</td>
<td>-</td>
<td>486,351</td>
</tr>
<tr>
<td>Grants</td>
<td>132,531</td>
<td>-</td>
<td>132,531</td>
</tr>
<tr>
<td>Fines and fees</td>
<td>896,088</td>
<td>-</td>
<td>896,088</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>65,832</td>
<td>166,071</td>
<td>231,903</td>
</tr>
<tr>
<td>Sale of surplus materials</td>
<td>45,312</td>
<td>-</td>
<td>45,312</td>
</tr>
<tr>
<td>Copier income</td>
<td>221,350</td>
<td>-</td>
<td>221,350</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>321,630</td>
<td>-</td>
<td>321,630</td>
</tr>
<tr>
<td>Reciprocal agreements</td>
<td>93,332</td>
<td>-</td>
<td>93,332</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>50,094,912</td>
<td>166,071</td>
<td>50,260,983</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>25,230,828</td>
<td>-</td>
<td>25,230,828</td>
</tr>
<tr>
<td>Personnel supplies and services</td>
<td>361,160</td>
<td>-</td>
<td>361,160</td>
</tr>
<tr>
<td>Library collections</td>
<td>7,280,133</td>
<td>-</td>
<td>7,280,133</td>
</tr>
<tr>
<td>Library collections maintenance and supplies</td>
<td>431,679</td>
<td>-</td>
<td>431,679</td>
</tr>
<tr>
<td>Equipment and office supplies</td>
<td>284,417</td>
<td>-</td>
<td>284,417</td>
</tr>
<tr>
<td>Printing and program expenses</td>
<td>540,245</td>
<td>-</td>
<td>540,245</td>
</tr>
<tr>
<td>Postage</td>
<td>87,497</td>
<td>-</td>
<td>87,497</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,304,142</td>
<td>-</td>
<td>1,304,142</td>
</tr>
<tr>
<td>Custodial supplies and services</td>
<td>266,081</td>
<td>-</td>
<td>266,081</td>
</tr>
<tr>
<td>Mobile operations</td>
<td>112,341</td>
<td>-</td>
<td>112,341</td>
</tr>
<tr>
<td>Insurance</td>
<td>330,905</td>
<td>-</td>
<td>330,905</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>282,823</td>
<td>-</td>
<td>282,823</td>
</tr>
<tr>
<td>Building operation</td>
<td>743,813</td>
<td>62,652</td>
<td>806,465</td>
</tr>
<tr>
<td>Professional fees</td>
<td>134,569</td>
<td>-</td>
<td>134,569</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>98,941</td>
<td>-</td>
<td>98,941</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>61,443</td>
<td>-</td>
<td>61,443</td>
</tr>
<tr>
<td><strong>Capital outlay</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>32,246</td>
<td>-</td>
<td>32,246</td>
</tr>
<tr>
<td>Furniture</td>
<td>53,760</td>
<td>-</td>
<td>53,760</td>
</tr>
<tr>
<td>Equipment</td>
<td>38,941</td>
<td>-</td>
<td>38,941</td>
</tr>
<tr>
<td>Technology</td>
<td>588,670</td>
<td>-</td>
<td>588,670</td>
</tr>
<tr>
<td>Facilities acquisition and construction</td>
<td>29,440,540</td>
<td>29,461,510</td>
<td></td>
</tr>
<tr>
<td><strong>Debt service</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal retirements</td>
<td>3,570,000</td>
<td>-</td>
<td>3,570,000</td>
</tr>
<tr>
<td>Fiscal charges</td>
<td>1,899,052</td>
<td>-</td>
<td>1,899,052</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>43,754,656</td>
<td>29,503,192</td>
<td>73,257,848</td>
</tr>
</tbody>
</table>

CHANGE IN FUND BALANCES

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances at January 1, 2015</td>
<td>59,055,190</td>
<td>49,231,420</td>
<td>108,286,610</td>
</tr>
<tr>
<td>Fund balances at December 31, 2015</td>
<td>$ 65,395,446</td>
<td>$ 19,894,299</td>
<td>$ 85,289,745</td>
</tr>
</tbody>
</table>

See notes to financial statements.
ST. LOUIS COUNTY LIBRARY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year ended December 31, 2015

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

Net change in fund balance - total governmental funds  
$(22,996,865)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital outlays</td>
<td>35,969,811</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(5,922,998)</td>
</tr>
<tr>
<td></td>
<td>30,046,813</td>
</tr>
</tbody>
</table>

Loss on disposal of assets  
$(205,521)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net OPEB obligation</td>
<td>(8,500)</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>68,727</td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>55,970</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>35,703</td>
</tr>
<tr>
<td>Amortization of bond premium</td>
<td>104,735</td>
</tr>
</tbody>
</table>

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This activity for the current year is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal on certificates of participation</td>
<td>3,570,000</td>
</tr>
</tbody>
</table>

Because some revenues will not be collected within 60 days of year end, they are not considered "available" revenue and therefore reported as deferred inflows of resources in the governmental funds. They are, however, recorded as revenues in the Statement of Activities. Deferred inflows of resources decreased this year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,391,219</td>
</tr>
</tbody>
</table>

Change in net position of governmental activities  
$12,062,281

See notes to financial statements.
## ST. LOUIS COUNTY LIBRARY DISTRICT

### STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments held by trustees</td>
<td>$40,193,926</td>
</tr>
<tr>
<td>Interest and dividend receivable</td>
<td>37,673</td>
</tr>
</tbody>
</table>

Total assets: 40,231,599

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
</table>

Total liabilities: 11,846

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted for pension benefits</td>
<td>$40,219,753</td>
</tr>
</tbody>
</table>

See notes to financial statements.
ST. LOUIS COUNTY LIBRARY DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND
Year ended December 31, 2015

<table>
<thead>
<tr>
<th>ADDITIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>$741,096</td>
</tr>
<tr>
<td>Net depreciation in fair value of investments</td>
<td>(1,495,908)</td>
</tr>
<tr>
<td>Other</td>
<td>866</td>
</tr>
<tr>
<td>Total investment income</td>
<td>(753,946)</td>
</tr>
<tr>
<td>Less investment expense</td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>(826,575)</td>
</tr>
<tr>
<td>Employer contributions</td>
<td></td>
</tr>
<tr>
<td>Total additions</td>
<td>1,048,425</td>
</tr>
</tbody>
</table>

| DEDUCTIONS                                    |       |
| Benefits paid to participants                 | 2,285,844 |
| Operating expenses                            |       |
| Professional fees                             | 75,174 |
| Insurance                                     | 8,605  |
| Miscellaneous                                 | 4,620  |
| Total operating expenses                      | 88,399 |
| Total deductions                              | 2,374,243 |

CHANGE IN NET POSITION

| Net position - restricted for pension benefits at January 1, 2015 | 41,545,571 |
| Net position - restricted for pension benefits at December 31, 2015 | $40,219,753 |

See notes to financial statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Louis County Library District (the "District") was established as a political subdivision of the State of Missouri with taxing authority by an election in 1946. The five-person Board of Trustees is appointed by the County Executive. The District is required to make an annual report to the County governing body and to the Missouri State Library. The District provides public library services through 20 branches and 7 bookmobiles throughout St. Louis County.

Basis of Accounting

The accounting policies of the District conform to generally accepted accounting principles applicable to government units. The following are a summary of the District’s more significant policies.

Reporting Entity

These financial statements include the District (the primary government) and its discretely presented component unit, the St. Louis County Library Foundation (Foundation). Generally accepted accounting principles require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units may be presented as blended or discretely presented in the financial statements. Blended component units, although legally separate entities, are in substance, part of the primary government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

The Foundation is a separate not-for-profit organization formed in 2000 for the purpose of accepting contributions from the community to fund certain programs for the exclusive benefit of the District. Separate financial statements are not issued for the Foundation.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.
Program revenues include charges paid by the recipients of goods and services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

The District has organized its accounts on the basis of funds as provided for in the statutes of the State of Missouri. Each fund is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenue, and expenditures or expenses. District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column. A description of the activities of the major governmental funds are provided below:

**General Fund**

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

**Capital Projects Fund**

The Capital Projects Fund is used to account for resources to be used for the acquisition and construction of major capital assets.

Additionally, the District reports the following fiduciary fund:

**Pension Trust Fund**

The pension trust fund accounts for assets held in a trustee capacity for the District’s retirement system.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.
Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other postemployment benefits, are recorded only when payments are due.

Cash and Investments

Cash balances are maintained primarily in a cash management account at a local bank. Excess balances in the account are invested in overnight purchases of U.S. Treasury obligations by the bank. Other investments primarily consist of U.S. Agency issues, fixed income mutual funds and equity securities. Investments are reported at fair value, except U.S. Agency issues which are reported at cost which approximates fair value.

Allowance for Uncollectible Property Taxes

Property taxes receivable are reported net of an allowance for uncollectible taxes. The allowance for uncollectible property taxes is estimated based on historical collection rates.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Restricted Assets

Restricted assets consist of cash and investments that are legally restricted as to their use and include unspent proceeds from the issuance of certificates of participation.

Capital Assets

Capital assets, which include land, buildings, building improvements, equipment, and collections, are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair value as of the date received. The District maintains a capitalization threshold of $2,500 for furniture, shelving, computers, and shop equipment; $5,000 for bookmobiles; and $10 for collection items.
ST. LOUIS COUNTY LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<table>
<thead>
<tr>
<th>Description</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50</td>
</tr>
<tr>
<td>Building improvements</td>
<td>Determined individually</td>
</tr>
<tr>
<td>Furniture, equipment, and collection items</td>
<td>5 - 25</td>
</tr>
<tr>
<td>Computer and software</td>
<td>3</td>
</tr>
<tr>
<td>Shelving</td>
<td>25</td>
</tr>
<tr>
<td>Vehicles and trailers</td>
<td>5 - 35</td>
</tr>
</tbody>
</table>

Deferred Outflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide Statement of Net Position. Deferred outflows of resources reported in this year’s financial statements consists of differences between the expected and actual demographics for the District’s single-employer defined benefit plan. The deferred outflows of resources are attributed to pension expense over the next 5.1 years, including the current year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

The District’s Statement of Net Position and its Governmental Funds Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources reported in the District’s statement of net position include (1) a deferred inflow of resources for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense and (2) a deferred inflow of resources for changes in assumptions about future economics/demographics factors. These deferred inflows of resources are attributed to pension expense over a total of 5.1 years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District’s fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and grants are reported in the Governmental Funds Balance Sheet.
Compensated Absences

Vacation benefits are available to all employees who have worked six months or more. Employees cannot accrue more than 30 days of vacation unless authorized by the Library Director. Accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if the amount is due at year end and payable with current resources.

Unused sick leave accumulates but does not vest; and, therefore, an accrual is not made in the financial statements. Under the Pension Plan, however, unused sick leave is calculated as part of credited service. An additional month of credited service is added for every 168 hours of unused sick leave up to a maximum of four months.

Long-term Liabilities

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Premiums and discounts are amortized over the life of the debt.

In the governmental funds, premiums and discounts on debt issuances are recognized during the current period. The face amount of debt issued is reported as other financing sources, as are related premiums. Discounts on debt issuances are reported as other financing uses.

Equity Classifications

In the government-wide and fiduciary fund financial statements, equity is classified as net position and displayed in three components:

- **Net investment in capital assets** - consist of capital assets, including restricted capital assets, net of accumulated depreciation and, if applicable, the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

- **Restricted** - consist of net position with constraints imposed on its use either through enabling legislation adopted by the District or through externals restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

- **Unrestricted** - Consist of net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted as they are needed.

In the governmental fund financial statements, equity is classified as fund balance. Governmental funds report the following classifications of fund balance:
NOTES TO FINANCIAL STATEMENTS

Restricted - consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed - consists of funds that are set aside for a specific purpose by the District’s highest level of decision making authority, the Board of Trustees. Formal action must be taken by the Board of Trustees prior to the end of the fiscal year to commit funds. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned - consists of funds that are set aside with the intent to be used for a specific purpose. Under the District’s adopted policy, amounts may be assigned by the Associate Director and Comptroller. Assigned funds cannot cause a deficit in unassigned fund balance. An explanation of the nature and purpose of each assignment is as follows.

Assigned for 2016 operations - Those funds, consisting of 2015 property taxes as well as interest accrued at December 31, 2015, are assigned to cover District expenditures that will be incurred in the course of normal operations in 2016.

Assigned for facilities acquisition and construction – Funds otherwise unassigned, in excess of 20% of the subsequent year operating expenditures are assigned for facilities acquisition, construction and other capital improvements as approved by the Board of Trustees.

Assigned for pension plan contributions - These funds are designated for the Pension Plan contribution in 2016 for the participants in the Plan at December 31, 2015.

Unassigned – These funds consist of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides for the resources necessary to meet unexpected expenditures and revenue shortfalls.

District policy requires the unassigned fund balance of the General Fund at each fiscal year end to be between 15% and 20% of the following year’s budgeted operational expenses. The target percentage is 17.5%. Funds in excess of 20% will be assigned for facilities acquisition, construction and other capital improvements as directed by the Board of Trustees.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first unless legal requirements disallow it. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed, unless the Board has provided otherwise in its commitment or assignment actions.

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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 2 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2015 is as follows:

Deposits

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$5,084,757</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>13,000,000</td>
</tr>
</tbody>
</table>

Investments

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase agreements</td>
<td>21,578,000</td>
</tr>
<tr>
<td>Money market funds</td>
<td>9,529,201</td>
</tr>
<tr>
<td>U.S. Agency issues</td>
<td>20,017,750</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>15,903,683</td>
</tr>
<tr>
<td>Equity securities</td>
<td>23,483,849</td>
</tr>
</tbody>
</table>

Total deposits and investments: $108,597,240

The deposits and investments are summarized and presented in the financial statements as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments - governmental funds</td>
<td>$44,488,508</td>
</tr>
<tr>
<td>Restricted cash and investments - governmental funds</td>
<td>23,914,806</td>
</tr>
<tr>
<td>Cash and investments - fiduciary funds</td>
<td>40,193,926</td>
</tr>
</tbody>
</table>

Total reporting entity: $108,597,240

Investment Policy

The District’s investment policy and activity is conducted in accordance with Section 182.800 of the Missouri Revised Statutes. State Statutes authorize Missouri political subdivisions to invest in obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements, certificates of deposit, bankers’ acceptances, commercial paper, and in any instrument received as a gift to the District. Deposits in financial institutions must be collateralized by securities pledged by the custodian bank to the District or covered by FDIC insurance. These guidelines apply to the District’s investments that are not held by a trustee in connection with the Pension Plan.

The District’s Pension Plan is authorized to invest excess cash in any investment authorized by the Plan’s investment policy. Permissible investment instruments are: United States Treasury Notes, Certificates of Deposit, U.S. Government and Federal Agency Bonds, corporate bonds (minimum AA rated), common stock or fixed income funds managed by a registered investment advisor, convertible preferred stock, foreign stock, commercial paper (minimum A-2/P-2 rating) and equities in other companies with a market capitalization of $1 billion or greater.
Credit Risk

In accordance with the State’s model investment policy, the District minimizes credit risk, the risk of loss due to the failure of the security issuer or backer by pre-qualifying the financial institutions, broker/dealer, intermediaries, and advisors with which the District will do business. The District diversifies the portfolio so that potential losses on individual securities will be minimized.

The following table provides information on the credit ratings associated with the District’s investments, including the Pension Plan, in debt securities, excluding obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government at December 31, 2015:

<table>
<thead>
<tr>
<th>Security</th>
<th>Debt securities At fair value</th>
<th>Average credit quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIMCO All Asset Fund</td>
<td>$ 490,530</td>
<td>not rated</td>
</tr>
<tr>
<td>Brandywine Global Opportunities Bond Fund</td>
<td>1,778,102</td>
<td>BBB</td>
</tr>
<tr>
<td>Credit Suisse Floating Rate High Income Fund</td>
<td>1,808,590</td>
<td>B</td>
</tr>
<tr>
<td>RidgeWorth Core Bond Fund</td>
<td>5,798,835</td>
<td>A</td>
</tr>
<tr>
<td>Dodge &amp; Cox Income Fund</td>
<td>3,136,874</td>
<td>BBB</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>5,006,994</td>
<td>AA+</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>9,998,944</td>
<td>AA+</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation</td>
<td>5,011,812</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 33,030,681</td>
<td></td>
</tr>
</tbody>
</table>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and
- Investing operating funds primarily in short-term securities.
U.S. Agency issues in the portfolio carry a weighted average maturity of 0.76 years. The District’s pension fund investments in fixed income mutual funds have weighted average maturities of 13.7 years for the Brandywine Global Opportunities Bond Fund, 7.72 years for the Dodge & Cox Income Fund, 7.76 years for the RidgeWorth Core Bond Fund and 4.9 years for the Credit Suisse Floating Rate High Income Fund. The average weighted maturities for the PIMCO All Asset Fund are not available.

**Concentration of Credit Risk**

For the District, which follows State Statutes, there is no limit on the amount the District may invest in any one issuer with respect to U.S. Treasury securities and collateralized time and demand deposits. Based upon the model investment policy of the State, obligations with agencies of the U.S. Government and government-sponsored enterprises are limited to 60% of the portfolio and collateralized repurchase agreements are limited to 50% of the portfolio. U.S. Government agency callable securities are limited to 30% of the portfolio, and commercial paper and bank acceptances are limited to 25% of the portfolio, each. The following table lists investments in issuers, excluding mutual funds and investments issued or explicitly guaranteed by the U.S. Government, which represent 5% or more of total investments at December 31, 2015:

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Percent of Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce Bank - repurchase agreement</td>
<td>24%</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>6%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>11%</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation</td>
<td>6%</td>
</tr>
</tbody>
</table>

For the Pension Trust fund, investments in equities must be between 40% and 75% of total plan assets with a target percentage of 60%. Should the amount of money entrusted to the managed portfolio exceed 75% of the total assets, the equity allocation in the managed portfolio will be reduced to a neutral 60% weight. The Trustees, or Library Staff so authorized by the Trustees, shall monitor these allocations on a monthly basis and notify the Investment Advisors at least once per year if a change in allocations is required.

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investments in securities are exposed to custodial credit risk if the securities are uninsured, not registered in the District’s name and held by the counterparty.
For deposits, custodial credit risk is the risk that in the event of bank failure, the District’s deposits may not be returned to it. Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by letters of credit naming the District as beneficiary, or by a single collateral pool established by the financial institution.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Although the District’s investment policy does not address foreign currency risk, the District has three international equity investments.

The following table demonstrates the District’s current level of foreign currency exposure by portfolio orientation as of December 31, 2015:

<table>
<thead>
<tr>
<th>Equity Securities</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Dollar</td>
<td>$49,175</td>
</tr>
<tr>
<td>Brazilian Real</td>
<td>86,891</td>
</tr>
<tr>
<td>British Pound Sterling</td>
<td>546,418</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>56,957</td>
</tr>
<tr>
<td>Chinese Yuan</td>
<td>88,146</td>
</tr>
<tr>
<td>Euro</td>
<td>804,069</td>
</tr>
<tr>
<td>Hong Kong Dollar</td>
<td>140,820</td>
</tr>
<tr>
<td>Indian Rupee</td>
<td>90,028</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>713,874</td>
</tr>
<tr>
<td>Mexican Peso</td>
<td>75,599</td>
</tr>
<tr>
<td>South African Rand</td>
<td>168,764</td>
</tr>
<tr>
<td>South Korean Won</td>
<td>119,201</td>
</tr>
<tr>
<td>Swedish Krona</td>
<td>90,342</td>
</tr>
<tr>
<td>Swiss Franc</td>
<td>648,637</td>
</tr>
<tr>
<td>Thai Baht</td>
<td>14,857</td>
</tr>
<tr>
<td>Turkish Lira</td>
<td>37,015</td>
</tr>
<tr>
<td>United Arab Emirates Dirham</td>
<td>9,097</td>
</tr>
<tr>
<td>Various foreign currency denominations</td>
<td>352,140</td>
</tr>
<tr>
<td>Total foreign currency</td>
<td>4,092,030</td>
</tr>
<tr>
<td>U.S. Dollar</td>
<td>526,014</td>
</tr>
</tbody>
</table>

$4,618,044
**ST. LOUIS COUNTY LIBRARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets not being depreciated</td>
<td>$6,696,138</td>
<td>$</td>
<td>$</td>
<td>$6,696,138</td>
</tr>
<tr>
<td>Land</td>
<td>$5,505,320</td>
<td>29,472,673</td>
<td>29,768,025</td>
<td>5,209,968</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>5,209,968</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total capital assets, not being depreciated</td>
<td>12,201,458</td>
<td>29,472,673</td>
<td>29,768,025</td>
<td>11,906,106</td>
</tr>
</tbody>
</table>

| **Capital assets, being depreciated** |                         |           |           |                           |
| Buildings                | $31,922,796              | 28,059,534| 531,311   | 59,451,019                |
| Furniture and shelving   | $1,897,626               | 1,844,974 | 502,967   | 3,239,633                |
| Computer and equipment    | $1,616,658               | 356,676   | 3,411     | 1,969,923                |
| Software                 | $526,878                 | 4,256     | -         | 531,134                 |
| Vehicles and trailers    | $1,063,590               | 38,069    | -         | 1,101,659                |
| Shop equipment           | $723,510                 | 258,542   | -         | 982,052                 |
| Collections              | $38,819,487              | 5,703,112 | 3,984,992 | 40,537,607                |
| Total capital assets, being depreciated | $76,570,545 | 36,265,163| 5,022,681 | 107,813,027                |

| **Less accumulated depreciation for** |                         |           |           |                           |
| Buildings                | $16,092,885              | 788,908   | 425,338   | 16,456,455                |
| Furniture and shelving   | $1,480,559               | 66,977    | 403,419   | 1,144,117                |
| Computer and equipment    | $1,483,958               | 91,513    | 3,411     | 1,572,060                |
| Software                 | $484,668                 | 31,982    | -         | 516,650                 |
| Vehicles and trailers    | $653,946                 | 59,137    | -         | 713,083                 |
| Shop equipment           | $257,839                 | 77,149    | -         | 334,988                 |
| Collections              | $20,563,783              | 4,807,332 | 3,984,992 | 21,386,123                |
| Total accumulated depreciation | 41,017,638 | 5,922,998 | 4,817,160 | 42,123,476                |

| **Total capital assets, being depreciated, net** |                         |           |           |                           |
| $35,552,907              | 30,342,165              | 205,521   | 65,689,551 |

| **Governmental activities** |                         |           |           |                           |
| capital assets, net        | $47,754,365              | 59,814,838| 29,973,546| $77,595,657                |
NOTE 4 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended December 31, 2015:

<table>
<thead>
<tr>
<th></th>
<th>Balance at January 1, 2015</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance at December 31, 2015</th>
<th>Amount due within one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of participation</td>
<td>$54,260,000</td>
<td>$0</td>
<td>-$3,570,000</td>
<td>$50,690,000</td>
<td>$3,715,000</td>
</tr>
<tr>
<td>Unamortized premium</td>
<td>2,443,816</td>
<td></td>
<td>-$104,735</td>
<td>2,339,081</td>
<td></td>
</tr>
<tr>
<td>Total certificates of participation and unamortized premium</td>
<td>56,703,816</td>
<td></td>
<td>-$3,674,735</td>
<td>53,029,081</td>
<td>3,715,000</td>
</tr>
<tr>
<td>Accrued vacation pay</td>
<td>1,058,764</td>
<td></td>
<td>-$55,970</td>
<td>1,002,794</td>
<td></td>
</tr>
<tr>
<td>Total long-term obligations</td>
<td>$57,762,580</td>
<td>$0</td>
<td>-$3,730,705</td>
<td>$54,031,875</td>
<td>$3,715,000</td>
</tr>
</tbody>
</table>

The District issued certificates of participation evidencing interest in the right to receive rental payments to be paid by the District pursuant to an annually renewable lease-purchase agreement. The proceeds of the certificates were used and will be used to acquire, construct, reconstruct, furnish and equip the District’s library facilities. Principal is payable annually beginning April 1 and interest is payable semiannually on April 1 and October 1 at rates ranging from 2% to 5%. The certificates are secured by a security interest in the leased property.

In conjunction with the issuance of the certificates of participation, the District leased to a trustee the land on which five of the District’s 20 library facilities are located. The trustee then leased the property, along with improvements financed by the issuance of the certificates, back to the District for an initial lease term ended December 31, 2013, with twenty-five successive one-year renewal options. Each renewal is subject to annual appropriation by the District.

The District’s obligations under the lease are year to year and do not extend beyond the amount budgeted for any respective fiscal year. The District has the option to purchase the Trustee’s interest in the leased property on any date at a purchase price equal to an amount to provide for the remaining rental payments due through the term of the lease.
The following is a schedule of rental payments under the lease, assuming the agreement is renewed each year:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$3,715,000</td>
<td>$1,753,366</td>
<td>$5,468,366</td>
</tr>
<tr>
<td>2017</td>
<td>2,850,000</td>
<td>1,622,066</td>
<td>4,472,066</td>
</tr>
<tr>
<td>2018</td>
<td>1,425,000</td>
<td>1,543,691</td>
<td>2,968,691</td>
</tr>
<tr>
<td>2019</td>
<td>1,475,000</td>
<td>1,492,817</td>
<td>2,967,817</td>
</tr>
<tr>
<td>2020</td>
<td>1,545,000</td>
<td>1,424,691</td>
<td>2,969,691</td>
</tr>
<tr>
<td>2021-2025</td>
<td>8,610,000</td>
<td>6,223,381</td>
<td>14,833,381</td>
</tr>
<tr>
<td>2026-2030</td>
<td>10,380,000</td>
<td>4,450,491</td>
<td>14,830,491</td>
</tr>
<tr>
<td>2031-2035</td>
<td>12,250,000</td>
<td>2,589,733</td>
<td>14,839,733</td>
</tr>
<tr>
<td>2036-2038</td>
<td>8,440,000</td>
<td>464,478</td>
<td>8,904,478</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$50,690,000</strong></td>
<td><strong>$21,564,714</strong></td>
<td><strong>$72,254,714</strong></td>
</tr>
</tbody>
</table>

NOTE 5 – PENSION PLAN

Plan Description

The District contributes to a single-employer defined benefit pension plan established and maintained by the District to provide pension benefits for its employees. The expense for providing these benefits is reflected in the General Fund. The Plan is administered through a separate trust fund under the control of the Pension Board of Trustees.

All full-time District employees are eligible to participate after six calendar months of employment. Benefits are fully vested after five years of service. A District employee who retires at the age of 65 with five years of credited service is entitled to a monthly retirement pension of one and six-tenths percent of the pensioner’s average salary for the highest 60 consecutive calendar months within the 120 calendar months preceding termination of employment, multiplied by the number of years of credited service. At January 1, 2016 (for the year ended December 31, 2015), membership in the Plan consisted of the following:

- **Active employees**: 353
- **Retirees and beneficiaries currently receiving benefits**: 278
- **Terminated employees entitled to benefits but not yet receiving them**: 46

**Total**: 677
Early retirement benefits are available as computed above and reduced by .25% for each month payments begin before age 65. Joint survivor benefits are also available to retirees.

A separately issued report of the Pension Plan that includes financial statements and required supplementary information (RSI) may be obtained by writing the St. Louis County Library District Employees’ Pension Plan, 1640 South Lindbergh Boulevard, St. Louis, MO 63131.

Funding Policy

The Plan’s funding policy provides for actuarially determined annual required contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the aggregate funding method. The Pension Plan is noncontributory and entirely funded by the District.

Net Pension Liability

The District’s net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<table>
<thead>
<tr>
<th>Actuarial cost method:</th>
<th>Entry Age Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of investment return:</td>
<td>7.0% per annum compounded</td>
</tr>
<tr>
<td>Rate of salary increases:</td>
<td>6.0% graded down over 7 years to 3.5%</td>
</tr>
<tr>
<td>Mortality:</td>
<td>In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP 2014 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP 2015. In prior years, those assumptions were based on RP 2000 Mortality Table, male and female rates, projected generationally using Scale AA.</td>
</tr>
<tr>
<td>Inflation:</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
The best estimate range for long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target asset allocation</th>
<th>Long-term expected arithmetic real rate of return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediate-Term Bonds</td>
<td>25 %</td>
<td>1.3 %</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>10</td>
<td>2.8</td>
</tr>
<tr>
<td>Large Cap U.S. Equities</td>
<td>45</td>
<td>6.7</td>
</tr>
<tr>
<td>Small Cap U.S. Equities</td>
<td>5</td>
<td>7.5</td>
</tr>
<tr>
<td>Developed Foreign Equities</td>
<td>15</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100 %</td>
</tr>
</tbody>
</table>

**Discount Rate**

The 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Change in the District’s Net Pension Liability**

Changes in the District’s net pension liability for the year ended December 31, 2015 were as follows:

<table>
<thead>
<tr>
<th>Total pension liability (a)</th>
<th>Plan fiduciary net position (b)</th>
<th>Net pension liability (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2014 $44,935,999</td>
<td>$41,545,571</td>
<td>$3,390,428</td>
</tr>
<tr>
<td>Changes for the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>983,381</td>
<td>983,381</td>
</tr>
<tr>
<td>Interest on total pension liability</td>
<td>3,135,737</td>
<td>3,135,737</td>
</tr>
<tr>
<td>Effect of economic/demographic gains or losses</td>
<td>(62,748)</td>
<td>(62,748)</td>
</tr>
<tr>
<td>Effect of assumption changes or inputs</td>
<td>2,424,802</td>
<td>2,424,802</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(2,284,935)</td>
<td>(2,284,935)</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>-</td>
<td>1,875,000</td>
</tr>
<tr>
<td>Net investment income</td>
<td>-</td>
<td>(826,575)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-</td>
<td>(89,308)</td>
</tr>
<tr>
<td>Balance as of December 31, 2015 $49,132,236</td>
<td>$40,219,753</td>
<td>$8,912,483</td>
</tr>
</tbody>
</table>
Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District as of December 31, 2015, calculated using the discount rate of 7.00%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

<table>
<thead>
<tr>
<th>Discount rate</th>
<th>Net pension liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% decrease</td>
<td>6.00% $15,198,835</td>
</tr>
<tr>
<td>Current discount rate</td>
<td>7.00% 8,912,483</td>
</tr>
<tr>
<td>1% increase</td>
<td>8.00% 3,697,280</td>
</tr>
</tbody>
</table>

Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued St. Louis County Library District Employees’ Pension Plan financial report.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended December 31, 2015, the District recognized pension expense of $1,806,269. At December 31, 2015, the District reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Differences between expected and actual experience | $ 50,447 | $ |
| Change of assumptions                               | -        | 1,949,351 |
| Net difference between projected and actual earnings on plan | -        | 2,974,070 |

| $ 50,447 | $4,923,421 |

Amounts recognized as deferred inflows of resource and deferred outflows of resources will be recognized in pension expense as follows:

Year ended December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,206,664</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,206,664</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1,206,664</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1,206,666</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>46,319</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

Plan Description

The District provides healthcare benefits to employees defined as District retirees who have attained age 55 plus 20 years of service and retirees who have attained age of 60 plus 10 years of service. Benefits are available until the retiree attains Medicare Eligibility Age. The retiree pays the monthly group health insurance premium. The Plan, as stated in the District’s personnel policy, assigned the authority to establish and amend plan benefit provisions to the District. The plan does not issue a separate stand alone report.

Funding Policy

The District currently pays for the post-employment healthcare benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities. The District’s annual OPEB cost for the current year and the related information are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARC</td>
<td>$42,100</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>400</td>
</tr>
<tr>
<td>Adjustment to annual required contribution</td>
<td>(700)</td>
</tr>
<tr>
<td>Annual OPEB cost</td>
<td>41,800</td>
</tr>
<tr>
<td>Contributions made</td>
<td>(33,300)</td>
</tr>
<tr>
<td>Increase in net OPEB obligation</td>
<td>8,500</td>
</tr>
<tr>
<td>Net OPEB obligation - beginning of year</td>
<td>10,300</td>
</tr>
</tbody>
</table>

Net OPEB obligation - end of year $18,800
The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>Annual OPEB Cost</th>
<th>Percentage of Annual OPEB Cost Contributed</th>
<th>Net OPEB Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>53,700</td>
<td>77.84%</td>
<td>9,700</td>
</tr>
<tr>
<td>2014</td>
<td>41,800</td>
<td>98.56%</td>
<td>10,300</td>
</tr>
<tr>
<td>2015</td>
<td>41,800</td>
<td>79.67%</td>
<td>18,800</td>
</tr>
</tbody>
</table>

**Funded Status and Funding Program**

As of December 31, 2015, the most recent actuarial valuation date, the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) and the actuarial accrued liability for benefits of $318,600. The covered payroll (annual payroll of active employees covered by the plan) was $14,642,600, and the ratio of the UAAL to the covered payroll was 2.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.
ST. LOUIS COUNTY LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Valuation method</th>
<th>Projected unit credit cost method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latest valuation date</td>
<td>December 31, 2014</td>
</tr>
<tr>
<td>Discount rate</td>
<td>3.75% per annum</td>
</tr>
<tr>
<td>Amortization period</td>
<td>20 years for initial unfunded actuarial accrued liability</td>
</tr>
<tr>
<td>Mortality</td>
<td>RP 2000 Mortality Table, male and female rates, projected generationally using Scale AA</td>
</tr>
<tr>
<td>Medical premium rates</td>
<td>5.3% initial rate; 4.5% ultimate rate</td>
</tr>
<tr>
<td>Future retiree coverage</td>
<td>30% of eligible employees who retire prior to age 65 are assumed to elect medical coverage under this plan</td>
</tr>
</tbody>
</table>

NOTE 7 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits essentially all employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 8 – PROPERTY TAXES

Taxes are levied annually by October 1 and payable by December 31. Property taxes that remain unpaid attach as an enforceable lien on January 1. St. Louis County collects the property taxes and remits them to the District. As of December 31, 2015, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2015 or earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

As of December 31, 2015, certain tax payments for previous tax year 2014 are held in escrow by St. Louis County because they were paid under protest, pending resolution of disputes over assessed valuations. The escrowed taxes are included in deferred revenue in the governmental fund financial statements until the taxes are actually released by the County and distributed to the District.
The tax levy set by the Board of Trustees on September 23, 2015 for the General Operating Fund was $.2460 per $100 of assessed valuation for residential property, $.2390 per $100 of assessed valuation for agricultural property, $.2590 per $100 of assessed valuation for commercial property and $.2250 per $100 of assessed valuation for personal property. These tax rates do not include the surcharge of $2,256,000 on commercial real estate. The current tax rate ceilings and assessed valuations are:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Tax Rate Ceiling</th>
<th>2015 Assessed Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>0.2460</td>
<td>$11,303,468,320</td>
</tr>
<tr>
<td>Agricultural</td>
<td>0.2390</td>
<td>5,429,060</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.2590</td>
<td>5,378,360,093</td>
</tr>
<tr>
<td>Personal property</td>
<td>0.2250</td>
<td>2,982,881,876</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$19,670,139,349</td>
</tr>
</tbody>
</table>

These ceilings are per $100 of assessed valuation. The ceilings are based on a revision of the rates under a State Supreme Court ruling on September 24, 1991, and subsequent annual substantiation by the State Auditor’s Office.

NOTE 9 – OPERATING LEASE

On June 23, 2011, the District entered into a five-year operating lease with THF Eureka Parcel B Development for the relocated Eureka Hills Branch. Payments are due the first day of each calendar month. On October 19, 1999, the District entered into a ten-year operating lease with the City of Fenton for the Meramec Valley Branch. The first amendment to the lease agreement was signed on April 22, 2010 whereby the term of the lease was extended for an additional ten years. Payments are due the first day of each calendar month. In December 2014, the District entered into a three year lease with CRP-2 Mid South Industrial, LLC for the storage of collections, furniture, fixtures, and equipment. Payments are due the first day of each calendar month beginning February 1, 2015. Rent expense in 2015 was approximately $206,000.
The District is obligated to make future minimum lease payments as follows:

<table>
<thead>
<tr>
<th>Year end December 31,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$185,750</td>
</tr>
<tr>
<td>2017</td>
<td>125,750</td>
</tr>
<tr>
<td>2018</td>
<td>21,479</td>
</tr>
<tr>
<td>2019</td>
<td>12,000</td>
</tr>
<tr>
<td>2020</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$348,979</strong></td>
</tr>
</tbody>
</table>

**NOTE 10 – 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; injuries to employees; and natural disasters. The District has obtained commercial insurance for these risks and to provide employee health and accident benefits. Claims have not exceeded coverage for the past three years.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The District’s remaining commitment for uncompleted work under its construction contracts totaled approximately $18,900,000 as of December 31, 2015.

At December 31, 2015, the District was a defendant to various lawsuits. In the opinion of District management, the ultimate outcome of these legal matters will not have a material adverse effect on the District’s financial position.

**NOTE 12 – SHARED SERVICE AGREEMENT**

The District provides the Foundation with staffing, office space, and other support under a Shared Services Agreement. The fair value of these services was determined to be $465,950 and is reported as contribution revenue and expense by the Foundation.

The Foundation constructed a reading garden on property next to the Samuel C. Sachs Branch. Upon completion of construction, the Foundation contributed the reading garden, valued at $566,558, to the District. The Foundation also contributed collections valued at $102,099 to the District. The District recorded these contributions as revenue on the Statement of Activities.
NOTE 13 - PRIOR PERIOD ADJUSTMENT

Net position as of January 1, 2015 has been restated as follows based on the measurement date at January 1, 2016, for the implementation of GASB Statement No. 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, as amended by GASB No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.

Net position as previously reported at December 31, 2014 $ 104,628,438

Prior period adjustment for net pension liability (3,390,428)

Net position as restated, January 1, 2015. $ 101,238,010

NOTE 14 – SUBSEQUENT EVENTS

In January 2016, the District extended its facility lease at the Eureka Hills Branch through 2021.

In February 2016, the District sold its Tesson Ferry Branch property at 9920 Lin Ferry Drive for $2,300,000.
**ST. LOUIS COUNTY LIBRARY DISTRICT**

**BUDGETARY COMPARISON INFORMATION - GENERAL FUND - UNAUDIT ED**

Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance With Final Budget - Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 47,632,562</td>
<td>$ 48,389,107</td>
</tr>
<tr>
<td>Other taxes</td>
<td>125,000</td>
<td>134,633</td>
</tr>
<tr>
<td>State aid</td>
<td>214,787</td>
<td>249,574</td>
</tr>
<tr>
<td>Grants</td>
<td>65,000</td>
<td>113,435</td>
</tr>
<tr>
<td>Fines and fees</td>
<td>883,288</td>
<td>935,045</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>37,731</td>
<td>53,418</td>
</tr>
<tr>
<td>Sale of surplus materials</td>
<td>115,407</td>
<td>113,798</td>
</tr>
<tr>
<td>Copier income</td>
<td>196,718</td>
<td>230,380</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>266,991</td>
<td>269,447</td>
</tr>
<tr>
<td>Reciprocal agreements</td>
<td>57,804</td>
<td>99,650</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>49,595,288</td>
<td>50,981,487</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>27,023,577</td>
<td>26,937,412</td>
</tr>
<tr>
<td>Personnel supplies and services</td>
<td>395,135</td>
<td>400,471</td>
</tr>
<tr>
<td>Library collections</td>
<td>7,250,000</td>
<td>7,299,828</td>
</tr>
<tr>
<td>Library collections maintenance and supplies</td>
<td>454,396</td>
<td>451,774</td>
</tr>
<tr>
<td>Equipment and office supplies</td>
<td>274,506</td>
<td>299,754</td>
</tr>
<tr>
<td>Printing and program expenses</td>
<td>601,357</td>
<td>578,543</td>
</tr>
<tr>
<td>Postage</td>
<td>96,916</td>
<td>88,793</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,320,487</td>
<td>1,255,006</td>
</tr>
<tr>
<td>Custodial supplies and services</td>
<td>327,661</td>
<td>278,916</td>
</tr>
<tr>
<td>Mobile operations</td>
<td>138,021</td>
<td>123,362</td>
</tr>
<tr>
<td>Insurance</td>
<td>297,113</td>
<td>316,957</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>535,000</td>
<td>347,686</td>
</tr>
<tr>
<td>Building operation</td>
<td>808,075</td>
<td>779,005</td>
</tr>
<tr>
<td>Professional fees</td>
<td>300,000</td>
<td>249,738</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>85,970</td>
<td>100,668</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>20,000</td>
<td>12,834</td>
</tr>
<tr>
<td><strong>Total current operating</strong></td>
<td>39,938,214</td>
<td>39,520,747</td>
</tr>
<tr>
<td>Capital outlay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>70,000</td>
<td>39,018</td>
</tr>
<tr>
<td>Furniture</td>
<td>75,000</td>
<td>55,908</td>
</tr>
<tr>
<td>Equipment</td>
<td>55,000</td>
<td>13,320</td>
</tr>
<tr>
<td>Technology</td>
<td>806,113</td>
<td>799,037</td>
</tr>
<tr>
<td>Facilities acquisition and construction</td>
<td>-</td>
<td>907,283</td>
</tr>
<tr>
<td><strong>Total capital outlay</strong></td>
<td>1,006,113</td>
<td>907,283</td>
</tr>
<tr>
<td>Debt service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal retirements</td>
<td>3,570,000</td>
<td>3,570,000</td>
</tr>
<tr>
<td>Interest and fiscal charges</td>
<td>1,899,066</td>
<td>1,899,059</td>
</tr>
<tr>
<td><strong>Total debt service</strong></td>
<td>5,469,066</td>
<td>5,469,059</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>46,413,393</td>
<td>45,897,089</td>
</tr>
</tbody>
</table>

**NET CHANGE IN FUND BALANCE**

$ 3,181,895 $ 5,084,398 $ 6,340,256 $ 1,255,858

Fund balance at January 1, 2015

Fund balance at December 31, 2015

$ 59,055,190 $ 65,395,446

See notes to required supplementary information.
ST. LOUIS COUNTY LIBRARY DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS TO PENSION PLAN - UNAUDITED

Years ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>Actuarially determined contribution</th>
<th>Contribution in relation to actuarially determined contribution</th>
<th>Contribution deficiency (excess)</th>
<th>Covered-employee payroll</th>
<th>Contributions as a percentage of covered-employee payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$ 570,405</td>
<td>$ 500,000</td>
<td>$ 70,405</td>
<td>$ 12,891,099</td>
<td>3.88%</td>
</tr>
<tr>
<td>2007</td>
<td>465,387</td>
<td>450,000</td>
<td>15,387</td>
<td>13,573,728</td>
<td>3.32%</td>
</tr>
<tr>
<td>2008</td>
<td>437,010</td>
<td>437,010</td>
<td>-</td>
<td>14,171,246</td>
<td>3.08%</td>
</tr>
<tr>
<td>2009</td>
<td>764,779</td>
<td>665,000</td>
<td>99,779</td>
<td>15,190,225</td>
<td>4.38%</td>
</tr>
<tr>
<td>2010</td>
<td>1,088,903</td>
<td>775,000</td>
<td>313,903</td>
<td>14,406,379</td>
<td>5.38%</td>
</tr>
<tr>
<td>2011</td>
<td>1,150,067</td>
<td>1,150,067</td>
<td>-</td>
<td>13,522,046</td>
<td>8.51%</td>
</tr>
<tr>
<td>2012</td>
<td>1,403,653</td>
<td>1,403,653</td>
<td>-</td>
<td>13,972,781</td>
<td>10.05%</td>
</tr>
<tr>
<td>2013</td>
<td>1,571,499</td>
<td>1,571,499</td>
<td>-</td>
<td>14,634,206</td>
<td>10.74%</td>
</tr>
<tr>
<td>2014</td>
<td>1,546,259</td>
<td>1,625,000</td>
<td>(78,741)</td>
<td>14,949,996</td>
<td>10.87%</td>
</tr>
<tr>
<td>2015</td>
<td>1,497,480</td>
<td>1,875,000</td>
<td>(377,520)</td>
<td>15,081,678</td>
<td>12.43%</td>
</tr>
</tbody>
</table>

See notes to required supplementary information.
ST. LOUIS COUNTY LIBRARY DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS - UNAUDITED

Years ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pension liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$ 983,381</td>
<td>$ 1,013,517</td>
</tr>
<tr>
<td>Interest</td>
<td>3,135,737</td>
<td>3,121,095</td>
</tr>
<tr>
<td>Plan changes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Economic/demographic gains or (losses)</td>
<td>(62,748)</td>
<td>(149,581)</td>
</tr>
<tr>
<td>Assumptions and input changes</td>
<td>2,424,802</td>
<td>7,194</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(2,284,935)</td>
<td>(2,147,006)</td>
</tr>
<tr>
<td>Net change in total pension liability</td>
<td>4,196,237</td>
<td>1,845,219</td>
</tr>
<tr>
<td>Total pension liability, beginning</td>
<td>44,935,999</td>
<td>43,090,780</td>
</tr>
<tr>
<td>Total pension liability, ending (a)</td>
<td>49,132,236</td>
<td>44,935,999</td>
</tr>
</tbody>
</table>

Plan fiduciary net position

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer contributions</td>
<td>1,875,000</td>
<td>1,625,000</td>
</tr>
<tr>
<td>Net investment income</td>
<td>(826,575)</td>
<td>2,141,692</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(2,284,935)</td>
<td>(2,160,589)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(89,308)</td>
<td>(72,469)</td>
</tr>
<tr>
<td>Net change in plan fiduciary net position</td>
<td>(1,325,818)</td>
<td>1,533,634</td>
</tr>
<tr>
<td>Plan fiduciary net position, beginning</td>
<td>41,545,571</td>
<td>40,011,937</td>
</tr>
<tr>
<td>Plan fiduciary net position, ending (b)</td>
<td>40,219,753</td>
<td>41,545,571</td>
</tr>
<tr>
<td>District's net pension liability, ending = (a) - (b)</td>
<td>$ 8,912,483</td>
<td>$ 3,390,428</td>
</tr>
</tbody>
</table>

Plan fiduciary net position as a % of total pension liability

|                                | 81.86% | 92.45% |

Covered payroll

|                                | $ 15,081,678 | $ 14,949,996 |

District's net pension liability as a % of covered payroll

|                                | 59.09% | 22.68% |

See notes to required supplementary information.
### SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN - UNAUDITED

**Years ended December 31,**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date December 31,</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability (AAL) - (b)</th>
<th>Unfunded Accrued Liability (UAL) - (b-a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$</td>
<td>$421,800</td>
<td>$421,800</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
<td>318,600</td>
<td>318,600</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actuarial Valuation Date December 31,</th>
<th>Funded Ratio (a/b)</th>
<th>Annual Covered Payroll (c)</th>
<th>UAL as a % of Covered Payroll ((b-a)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.00%</td>
<td>$14,774,200</td>
<td>2.90%</td>
</tr>
<tr>
<td>2014</td>
<td>0.00%</td>
<td>$14,642,600</td>
<td>2.20%</td>
</tr>
</tbody>
</table>

See notes to required supplementary information.
NOTE 1 – BUDGETARY DATA

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

1. A proposed operating budget for the calendar year is submitted to the Board of Trustees prior to January 1. The operating budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed appropriations at the fund level.

2. Prior to January 1, the budget is formally adopted.

3. Prior to setting the District tax rate by October 1, a public hearing is conducted to obtain taxpayer comments.

4. Any revisions must be approved by the Board of Trustees.

5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
NOTE 2 – PENSION DATA

The methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method  Entry age normal

Amortization method  Level dollar, closed, 20 year periods

Asset valuation method  Four year average of adjusted market values

Rate of investment return  7.00% per annum, net of expenses

Inflation  2.50% per year

Salary increases  6.0% graded down over 7 years to 3.5%

Turnover rates  Varies by age and year of membership based on Plan experience

Retirement and disability  Varies by age of active members based on Plan experience

Mortality or death rates  In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP 2014 Mortality for Employees, Healthy Annuities, and Disabled Annuities with generational projection per Scale MP 2015. In prior years, those assumptions were based on RP 2000 Mortality Table, male and female rates, projected generationally using Scale AA.