

Dorr Township Library Fund
Allegan County, Michigan
FINANCIAL STATEMENTS
Year ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dorr Township Library

We have audited the accompanying financial statements of the Dorr Township Library Fund, a special revenue fund of the Township of Dorr, Michigan, as of and for the year ended March 31, 2020, and the related notes to the financial statements, as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dorr Township Library Fund, a special revenue fund of the Township of Dorr, Michigan, as of March 31, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Library Fund and do not purport to, and do not, present fairly the financial position of the Township of Dorr, Michigan, as of March 31, 2020, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the 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.

Siegfried Crandall P.C.

September 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dorr Township Library Fund
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Dorr Township Library Fund's (the Library Fund's) financial performance provides a narrative overview of the Library Fund's financial activities for the fiscal year ended March 31, 2020. Please read it in conjunction with the Library Fund's financial statements.

FINANCIAL HIGHLIGHTS

- The Library Fund's fund balance increased by \$20,095 during the current year.
- The Library Fund's fund balance, which is entirely assigned for recreation and culture expenditures, amounts to \$294,855 at year end, representing 164 percent of actual expenditures for the current fiscal year.

Overview of the financial statements

The Library Fund's annual report is comprised of three parts: management's discussion and analysis, the financial statements, and required supplementary information. The financial statements do not include government-wide financial statements because the Library Fund is only one fund of the Township of Dorr. The financial statements are fund financial statements for the Township's Library Fund which explain how recreation and culture expenditures were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the Library Fund's financial statements for 2020 and 2019 is also presented.

Fund financial statements

Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes. The Library Fund is a governmental fund which focuses on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

FINANCIAL ANALYSIS OF THE LIBRARY FUND

Fund Balance

Total fund balance at the end of the fiscal year was \$294,855, which is assigned for recreation and culture expenditures.

Condensed financial information
Fund balance

	<u>2020</u>	<u>2019</u>
Current assets	\$ <u>299,737</u>	\$ <u>280,491</u>
Current liabilities	\$ 4,882	\$ 5,731
Fund balance - assigned for recreation and culture	<u>294,855</u>	<u>274,760</u>
Total liabilities and fund balance	<u>\$ 299,737</u>	<u>\$ 280,491</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in fund balance

The Library Fund's total revenues were \$150,152. Property taxes and penal fines provided about 52 percent and 29 percent of the Library Fund's revenues, respectively. Total expenditures to provide Library services amounted to \$180,057.

The Library Fund experienced an increase in fund balance of \$20,095 during the current fiscal year compared to a \$27,547 increase in the prior year. Revenues increased by \$3,685, due to a \$5,235 increase property taxes, while expenditures increased by \$11,137, primarily due to a \$13,905 increase in fringe benefits, related to health insurance costs. The Library Fund also received a \$50,000 transfer from the Township's General Fund.

*Condensed financial information
Changes in fund balance*

	<u>2020</u>	<u>2019</u>
Revenues:		
Property taxes	\$ 78,038	\$ 72,803
State grants - state aid	5,963	8,655
Fines and forfeitures - penal fines	43,893	48,305
Interest	933	666
Other	<u>21,325</u>	<u>16,038</u>
Total revenues	150,152	146,467
Expenditures - recreation and culture	<u>180,057</u>	<u>168,920</u>
Excess (deficiency)	(29,905)	(22,453)
Other financing sources - transfer from General Fund	<u>50,000</u>	<u>50,000</u>
Changes in fund balance	<u>\$ 20,095</u>	<u>\$ 27,547</u>
Fund balance, end of year	<u>\$ 294,855</u>	<u>\$ 274,760</u>

Library Fund budgetary highlights

Revenues and expenditures were amended to reflect anticipated changes in the nature and extent of revenues and expenditures. Total budgeted revenues were increased by \$6,200, as other revenues were greater than originally anticipated. Total budgeted expenditures were increased by \$12,914, primarily related to insurance costs that were higher than originally anticipated.

Actual revenues were \$3,852 more than budgeted, primarily because property tax revenues were \$3,838 more than planned. Actual expenditures were \$34,057 less than the amounts appropriated, primarily because payroll costs were \$15,671 less than anticipated.

These variances resulted in a \$37,909 positive budget variance, with a \$20,095 increase in fund balance, compared to a budget that anticipated a \$17,814 decrease in fund balance.

Dorr Township Library Fund
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Library Fund does not report capital assets or long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Library Fund's 2021 fiscal year budget does not anticipate significant changes in the amounts or composition of its major revenue sources. The Library Fund has budgeted expenditures for the upcoming year at amounts sufficient to support its ongoing programs and activities, while maintaining the current levels of its resources.

COVID-19 has created uncertainties that are likely to negatively impact our operations and financial condition; however, it is difficult to estimate the financial impact of COVID-19.

CONTACTING THE LIBRARY FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the Library Fund's finances and to demonstrate the Library Fund's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Elyshia Hoekstra, Library Director
Dorr Township Library
1084 Sunset Dr
Dorr, MI 49323

Phone: (616) 681-9678

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Dorr Township Library Fund

BALANCE SHEET

March 31, 2020

ASSETS

Cash	\$	294,221
Taxes receivable		2,018
Due from other governments		<u>3,498</u>
Total assets	\$	<u><u>299,737</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$	2,151
Payroll taxes		<u>2,731</u>

Total liabilities 4,882

Fund balance - assigned for recreation and culture 294,855

Total liabilities and fund balance \$ 299,737

See notes to financial statements

Dorr Township Library Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year ended March 31, 2020

REVENUES

Property taxes	\$	78,038
State grants - state aid		5,963
Fines and forfeitures - penal fines		43,893
Interest		933
Other		<u>21,325</u>

Total revenues 150,152

EXPENDITURES

Recreation and culture		<u>180,057</u>
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**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES**

(29,905)

OTHER FINANCING SOURCES

Transfers from General Fund		<u>50,000</u>
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NET CHANGES IN FUND BALANCES

20,095

FUND BALANCES - BEGINNING

274,760

FUND BALANCES - ENDING

\$ 294,855

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Dorr Township Library Fund (the Library Fund) conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to a governmental fund type. The following is a summary of the more significant accounting policies.

Reporting entity:

These financial statements include only the Dorr Township Library Fund, a special revenue fund (governmental fund type) of the Township of Dorr (located in Allegan County), and do not purport to, and do not, present fairly the financial position of the Township of Dorr, Michigan, as of March 31, 2020, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. The basic financial statements of the Township of Dorr are available at the Township's office.

Measurement focus, basis of accounting, and financial statement presentation:

Governmental funds financial statements are reported using the 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 to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Library Fund generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Library Fund.

Assets, liabilities, and fund balance:

Cash - Cash is considered to be cash on hand, demand deposits, and time deposits.

Receivables - All receivables are considered to be fully collectible and are due within one year.

Fund balance - Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Board retains the authority to assign fund balance as to purpose. When the Library Fund incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Library Fund's policy to use the restricted fund balance first, followed by assigned fund balance.

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. It is the Library Fund's policy to recognize revenue from the tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - The annual budget is adopted on a basis consistent with generally accepted accounting principles for a governmental fund. The budget document presents information by function and line-item. The legal level of budgetary control adopted by the governing body for the Library Fund is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget variances.

NOTE 3 - CASH

Cash, as presented in the accompanying financial statements, consists of deposits with financial institutions.

State statutes authorize the Library Fund to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Library Fund's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Library Fund will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. The Library Fund's bank balances total \$268,639. Because the Township of Dorr is defined as a "public unit" for purposes of FDIC insurance coverage for deposits held by financial institutions, it is not practicable to identify insurance coverage for an individual fund.

NOTE 4 - INTERFUND TRANSFERS

The transfers from the General Fund represent the Township's budgeted annual operating subsidy to support Library Fund operations.

NOTE 5 - RISK MANAGEMENT

The Library Fund is exposed to various risks of loss for claims arising from general liability, wrongful acts, professional liability, property damage and destruction, crime, accidents, and injuries. Risks of loss arising from possible claims are managed through the purchase of commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 6 - SUBSEQUENT EVENT

As a result of COVID-19, which occurred subsequent to the end of the fiscal year, economic uncertainties have arisen which are likely to negatively impact the Library Fund. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the financial impact on the Library Fund. Therefore, the Library Fund expects this matter to negatively impact its operations and financial condition. However, the related financial impact and duration cannot be reasonably estimated at this time.



REQUIRED SUPPLEMENTARY INFORMATION

Dorr Township Library Fund
BUDGETARY COMPARISON SCHEDULE
Year ended March 31, 2020

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 74,200	\$ 74,200	\$ 78,038	\$ 3,838
State grants - state aid	5,200	5,200	5,963	763
Fines and forfeitures - penal fines	46,000	46,000	43,893	(2,107)
Interest	600	600	933	333
Other	14,100	20,300	21,325	1,025
	<u>140,100</u>	<u>146,300</u>	<u>150,152</u>	<u>3,852</u>
Total revenues				
EXPENDITURES				
Recreation and culture:				
Payroll	120,400	112,374	96,703	15,671
Book purchases	9,300	10,800	8,636	2,164
Audio-visual materials	1,500	1,500	1,374	126
Periodicals	1,150	1,150	952	198
Collection and office supplies	3,000	3,500	3,159	341
Professional and contracted services	5,550	5,550	4,138	1,412
Community promotions	8,300	9,150	5,802	3,348
Education and training	5,500	5,500	1,065	4,435
Insurance	7,200	12,600	13,905	(1,305)
Communications	3,200	3,200	3,656	(456)
Maintenance and services	3,500	5,660	4,672	988
Equipment	5,000	5,000	-	5,000
Electronic access	13,200	14,300	13,625	675
Electronic media	10,800	11,200	9,472	1,728
Transportation	200	200	39	161
Advertising	700	1,030	2,788	(1,758)
Miscellaneous	2,700	11,400	10,071	1,329
	<u>201,200</u>	<u>214,114</u>	<u>180,057</u>	<u>34,057</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,100)	(67,814)	(29,905)	37,909
OTHER FINANCING SOURCES				
Transfers from General Fund	50,000	50,000	50,000	-
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(11,100)	(17,814)	20,095	37,909
FUND BALANCES - BEGINNING	274,760	274,760	274,760	-
FUND BALANCES - ENDING	<u>\$ 263,660</u>	<u>\$ 256,946</u>	<u>\$ 294,855</u>	<u>\$ 37,909</u>