

Bath Township Public Library Board of Trustees

Sue Garrity - President
Lynn Bergen - Treasurer
Larry Fewins-Bliss

Theresa Kidd – Vice President
Audrey Barton - Secretary
Ken Jensen

AGENDA, APRIL 21, 2021 – 6 P.M.

Keynolds@bathtownshippubliclibrary.org is inviting you to a scheduled Zoom meeting.

Topic: Library Board of Trustees

Join Zoom Meeting

<https://woodlands.zoom.us/j/93676455978?pwd=V3d2T0tUdGlnSEZ0ZkRKUEhhQXBYUT09>

Meeting ID: 936 7645 5978

Passcode: 943956

1. Call to Order.
2. Moment of Civic Reflection
3. Approval of the Agenda
4. Public Comment – limited to 3 minutes, on agenda items only.
5. Disclosure of Conflicts of Interest
6. Review and Approval of Minutes (attachment)
7. Financial Report – Treasurer & Director (attachments)
8. Director Report (attachment)
9. Unfinished Business - Items for Discussion
 - a. Charging for Community Rooms
 - b. Millage
 - i. Amount & Language for vetting by attorney
 - ii. Subcommittee for planning
10. Unfinished Business – Items for Action
11. New Business - Items for Discussion
 - a. Review of Audit letter and report (attached)
12. Items for Action
13. Public Comment – Limited to 3 minutes
14. Board Member Comments
15. Adjournment

Reminder: Next Meeting is May 19, 2021, 6 p.m.

Bath Township Public Library

Meeting Minutes

Wednesday, March 24, 2021 (Remote Meeting via Zoom)

Present: (Board Members) Sue Garrity, Lynn Bergen, Ken Jensen,
Theresa Kidd, Larry Fewins-Bliss (arrived late), Audrey Barton
(Library Director & Staff) Kristie Reynolds

Public Present: none

Next meeting: Wednesday April 21, 2021 @ 6:00pm via Zoom

I. Regular Business

- a. Meeting called to order at 6:04pm
- b. Moment of civic reflection.
- c. Ken moves to approve the agenda, Audrey 2nd, all in favor.
- d. Public comment: none
- e. Disclosures of conflict of interest: none
- f. Audrey moves to approve the minutes with noted changes. Ken 2nd, all in favor.

II. Financial Report

Attached. A good report, and the budget is on track. Ken moves to approve the financial report, Sue 2nd.

III. Director Report

Attached. Many good things happening at BTPL! Open hours will increase, and Joana will rejoin the staff. The library's virtual presence has increased greatly thanks to Jana and the creation of a BTPL YouTube channel. Computer and system upgrades, and some tech issues which are being worked out with the help of ASK. Staff continues to adjust to the new space, and policies are being adjusted as needed. Patron visits, circulation statistics and virtual interaction numbers are all up.

IV. Unfinished Business

- a. Charging for Community Rooms – to be discussed again at April meeting. Kristie will put together a presentation and/or preliminary policy for review.
- b. Millage Discussion – An ongoing conversation. The current plan focuses on a millage renewal question in the November 2021 election. Sue provides excellent data (in the packet) from the previous millage campaign, and voter turnout.

- i. Kristie offers up the idea of a community survey, to gain a better understanding of what patrons see as the library's greatest strengths.
- ii. Discussion about forming a sub-committee, and the need to create a clear plan forward.

V. New Business – Items for Discussion

- a. Board Meetings – Back to In Person? - Board decides to wait, in the interest of health and safety. We will follow the lead of the township board or state guidelines. Kristie will update the current board meeting policy.
- b. MLA Memberships & Activities for Trustees – Kristie made good recommendations, keeping trustees on track and up to date.

VI. Items for Action

- a. none

VII. Closing

- a. Public Comment: none
- b. Board Member Comment: Kristie shares that the anticipated bookshelves arrived, and they cost far less than expected. Larry asks if an employee vaccination policy is necessary. It's good to hear that the staff continues to take precautions as most are on wait lists.
- c. Lynn moves to adjourn the meeting. Larry 2nd, all in favor.

Meeting adjourned at 7:07pm.

Directors Report April

- Legal & Professional
 - I have spoken with Anne Seurynk to see if we needed a policy for a PayPal account. We do not.
- Staffing
 - No changes.
 - Held first in person staff meeting.
- Scheduling
 - No changes
- Upcoming Programs
 - The YouTube channel is up and running, we just need subscribers.
 - The take and Makes are going well.
 - Launched Talk to Text
 - Reading to the dog, Jake on the First and Third of the month.
- Community outreach
- Technology
 - The laptop computers came in from the CARES grant and we are working with ASK to set them up.
- Policy
- Continuing Education
 - Attended the Library of Michigan Directors Meetings
 - Learned more about the new Chart of Accounts.
- Projects
 - Submitted the humanities grant.
 - Had more bookcases installed.
 - Accepted into Financial Cohort

- Statistics

March	2020	2021
Visit	N/A	460
Items Checked out	1039	1261
Computer Use	N/A	66
Wireless use	NA	101
Hoopla	130	162
Overdrive	161	239
New Cards	32	35
Renewal Cards	N/A	57
Virtual Program Attendance	N/A	127*
Story Time Attendance	N/A	6
Passive Program Attendance	N/A	44

*include YouTube Channel views

Youth Services/Marketing Report – March 2021

Meetings and Conferences

March meetings were:

Picture Perfect Spring Books for Young Readers
 Kindergarten to Career: A Complete Guide to Tutor.com
 MI Youth and Teen Group
 Using and Sharing Your New Tutor.com
 MI PR Group
 MI Youth Quest Group
 Early Childhood Literacy Coalition
 Talk, Early Literacy Text Messaging

Marketing/Outreach Programing

Talk, Text to Learn

Set up Talk, Text to Learn, an early literacy text messaging service for parents and caregivers with children 5 and under. Parents/Caregivers text TALK to a text number (75547) add their child's date of birth and their zip code to receive up to 2 text messages weekly regarding early literacy suggestions. Library events which focus on early literacy can also be sent using Talk, Text to Learn.

Information on this service can be found on our website, in-library handouts, our social media, newsletter, and press releases to the DeWitt/Bath Review and the Friday Report. I have emailed information on this service to Jeannie Brown for her BeeHive students.

March is Reading Month with WKAR

The library, through our participation with the Early Childhood Literacy Coalition, has partnered with Robin Pizzo from WKAR Public Media in creating and delivering 1000 March is Reading Month Kits.

Kits include engaging reading activities, PBS Character sheets, WKAR swag, two free books, and information on the libraries within the ECLC group along with the early literacy programs or resources offered through those libraries.

Registration for kits was open until March 22nd and kits will be delivered in April. I will be meeting with Robin in April to assist with delivery of kits. Our library will receive 20 kits, which we will distribute to our young patrons.

Library Network Meetings

I have been invited to participate in an after-work networking group created by Tom Moore, head librarian at CADL Haslett. Currently staff from several CADL branches, East Lansing, Delta, and DeWitt participate.

Collection Development

We received a donation from library patron Joan Forgrave to purchase a juvenile series her niece enjoys. Which was helpful. The series was one that I wanted for the collection, but had been passed over due to cost, age of publication, and similar series already on our shelves.

Social Media

FaceBook interactions continue to be higher than previous months, indicating the January and February's social media giveaways have increase the algorithms of our posts. With Kristie's help we were able to get back into our Instagram account. I created a new Pinterest account for the library. Jana has launched a YouTube account.

Treasurer's Report 4/15/2021

As of March 31, 2021 3 months = 25%

MSUFCU Savings	\$ 79,973.29
MSUFCU Checking	\$255,347.71

Notes:

- All March expenses were verified using Kristie's Reconciliation and the MSUFCU Statement.
- Total Revenue received to date: \$307,685.18
- This month I perused the Public Library Financial Management Guide 2019. It is basically an accounting primer for accountants and managers. However, Chapters 9-11 would be interesting and informative for most everyone. Those chapters covered grants and Federal Audit Requirements, Internal Controls and State Compliance.
- I read our 2020 Audit. The audit is complete and the draft has been shared with the Board. Kristie and I have signed the draft which is being sent to Maner Costerisan. This draft document will become the "Final". I am happy to share that we have a very clean audit! Wonderful and thank you, Kristie.

Lynn Bergen, Treasurer

April 19, 2021

To the Board of Trustees
Bath Township Public Library

We have audited the financial statements of the governmental activities and the major fund of the Bath Township Public Library (the Library) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 17, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Library's governmental activities financial statements was:

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

BATH TOWNSHIP PUBLIC LIBRARY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED DECEMBER 31, 2020

Draft

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Draft

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bath Township Public Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Bath Township Public Library, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Bath Township Public Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the major fund of the Bath Township Public Library, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 identified 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.

April 19, 2021

Draft

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bath Township Public Library (the Library), we offer readers of the Bath Township Public Library's financial statements this narrative overview and analysis of the financial activities of the Bath Township Public Library for the fiscal year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- The year ended December 31, 2020, was the Library's third year of financial reporting.
- The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$296,584 (net position). Of this amount, \$120,233 (unrestricted net position) may be used to meet the Library's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Library's governmental fund reported ending fund balance of \$120,233.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$110,303, or approximately 25% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

The government-wide financial statements can be found on pages 9 and 10 of this report.

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 Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Library is categorized as a governmental fund.

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 revenues, expenditures, and changes in fund balances provide information to facilitate this comparison between *governmental funds* and *governmental activities*.

The Library maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered a major fund.

The Library adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 9 and 10 of this report.

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. The notes to the financial statements can be found on pages 11 through 19 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Library's general fund budget on page 21.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Library, assets exceeded liabilities by \$296,584 at the close of the most recent fiscal year. This is an increase of \$60,318 over the prior year.

The largest portion of the Library's net position (59%) reflects its net investment in capital assets. The unrestricted net position of \$120,233 may be used to meet the Library's ongoing obligations to citizens and creditors.

The following table shows, in a condensed format, the net position as of December 31, 2020 and 2019.

	<u>2020</u>
Current assets	\$ 124,858
Capital assets, net of depreciation	<u>176,351</u>
Total assets	<u>301,209</u>
Liabilities	<u>4,625</u>
Net position	
Investment in capital assets	176,351
Unrestricted	<u>120,233</u>
Total net position	<u>\$ 296,584</u>

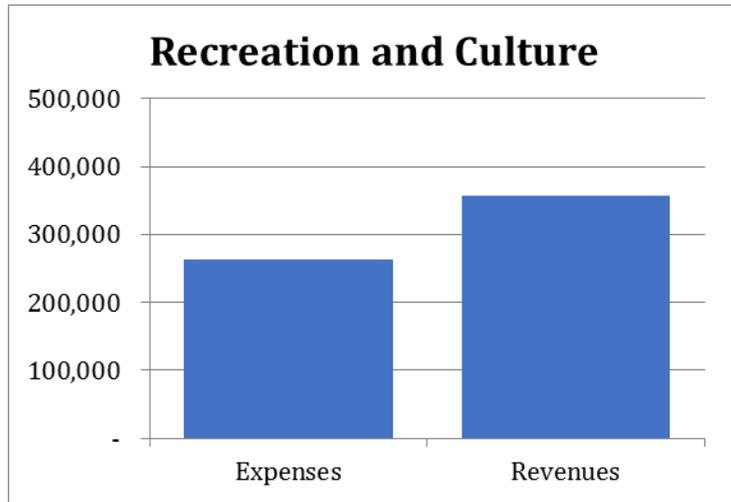
At the end of the current fiscal year, the Library is able to report positive balances in both categories of net position for its governmental activities.

The following table shows the changes in net position during the current and prior year.

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 436	\$ 1,626
Operating grants and contributions	11,314	4,099
General revenues		
Property taxes	299,025	285,716
State aid - unrestricted	9,285	-
Penal fines	47,429	64,595
Investment earnings	149	62
Miscellaneous	<u>-</u>	<u>22</u>
Total revenues	<u>367,638</u>	<u>356,120</u>
Program Expenses		
Library services/operations	307,320	
Change in net position	60,318	
Net position, beginning of year	<u>236,266</u>	
Net position, end of year	<u>\$ 296,584</u>	

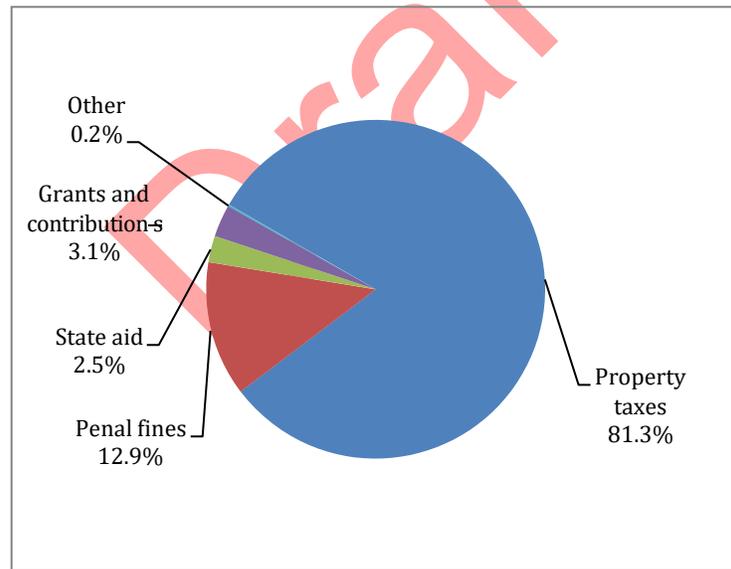
- Property taxes increased \$13,309 and comprised approximately 80% of the Library's total revenues.
- The main expenses incurred in the current year were salaries and wages which made up 39% of total expenses. Salaries and wages decreased \$11,524 or approximately 9% due to decrease staffing and closing down the library for a couple months due to the pandemic. Expenditures for capital outlay increased during the year by \$28,914 as the Library invested in capital assets during the current year since they moved locations.

2020
Expenses and Revenues - Governmental Activities



Revenues by Source - Governmental Activities

Total Revenues = \$367,638



Financial Analysis of the Government's Fund

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

Governmental Fund. The focus of the Library's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Library's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library’s governmental fund reported ending fund balance of \$120,233. Approximately 92% of this total amount (\$110,303) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is nonspendable related to prepaid expenditures of \$9,930.

The general fund is the chief and only operating fund of the Library. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 25% of total general fund expenditures, while total fund balance represents approximately 28% of that same amount.

Capital Asset Administration

Capital assets. The Library’s investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$176,351 (net of accumulated depreciation). This investment in capital assets includes the library collection, leasehold improvements, and office equipment and furniture.

Capital asset events during the current fiscal year included the purchase of new library books along with leasehold improvement and furniture related to moving to our new location.

Bath Township Public Library’s Capital Assets

		<u>Cost</u>	
Collection	\$	70,274	
Equipment and furniture		75,919	
Leasehold improvement		<u>65,000</u>	
		<u>\$ 211,193</u>	

Additional information on the Library’s capital assets can be found in Note 3 on page 16 of this report.

Economic Factors and Next Year’s Budgets and Rates

Bath Township Public Library’s goal is to maintain and enhance the services that are provided to the public utilizing the most efficient and effective methods. The Library has a conservative and financially prudent budget for the fiscal year 2021 that will promote several of the Library’s activities and programs.

Requests for Information

This financial report is designed to provide a general overview of the Bath Township Public Library’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Bath Township Public Library, 14051 Webster Road, Bath Township, MI 48808.

BASIC FINANCIAL STATEMENTS

Draft

**BATH TOWNSHIP PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
DECEMBER 31, 2020**

		Statement of General Fund Adjustments Net Position	
ASSETS			
Current assets			
Cash	\$ 108,336		
Taxes receivable	6,592		
Prepays	<u>9,930</u>		
Total current assets	124,858		
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>-</u>		
TOTAL ASSETS	<u>\$ 124,858</u>		
LIABILITIES			
Current liabilities			
Accounts payable	\$ 2,737		\$ 2,737
Accrued salaries and related items	<u>1,888</u>		<u>1,888</u>
TOTAL LIABILITIES	<u>4,625</u>		<u>4,625</u>
FUND BALANCE			
Nonspendable - prepays	9,930	(9,930)	-
Unassigned	<u>110,303</u>		<u>-</u>
TOTAL FUND BALANCE	<u>120,233</u>		<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 124,858</u>		<u>-</u>
NET POSITION			
Investment in capital assets		176,351	176,351
Unrestricted		<u>120,233</u>	<u>120,233</u>
TOTAL NET POSITION		<u>\$ 296,584</u>	<u>\$ 296,584</u>

See notes to financial statements.

**BATH TOWNSHIP PUBLIC LIBRARY
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Current			
Recreation and culture			
Salaries and wages	\$ 120,637		
Payroll taxes/benefits	31,187		
Contracted services	31,240		
Materials and supplies	4,208		
Telephone and utilities	8,138		
Insurance	3,503		
Repairs and maintenance	12,355		
Programming	7,305		
Travel	1,862		
Rent and lease	81,562		
Advertising and marketing	7,074		
Miscellaneous	14,445		
Capital outlay	113,684		
Depreciation	-		
TOTAL EXPENDITURES/EXPENSES	<u>437,200</u>		
PROGRAM REVENUES			
Service fees	436		
Donations	2,499		
Grant income	<u>8,815</u>		
TOTAL PROGRAM REVENUES	<u>11,750</u>		
NET PROGRAM EXPENSE	<u>(425,450)</u>		
GENERAL REVENUES			
Property taxes	299,025		
State aid	9,285		
Penal fines	47,429		
Investment earnings	<u>149</u>		
TOTAL GENERAL REVENUES	<u>355,888</u>		
NET CHANGE IN FUND BALANCE/NET POSITION	(69,562)		
Fund balance/net position, beginning of year	<u>189,795</u>		
Fund balance/net position, end of year	<u>\$ 120,233</u>		

See notes to financial statements.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bath Township Public Library (the “Library”) is established in accordance with Michigan Public Act 164 of 1877, also known as The City, Village, and Township Libraries Act. Its primary purpose is to establish, maintain, and operate a public library. The Library serves the residents of Bath Charter Township. The governing body consists of six elected trustees. In addition, the Library’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government unit. The Library utilized the financial statement format as permitted by the GASB.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the Library’s fund. The emphasis of fund financial statements is on major governmental funds. The Library maintains only one fund, the general fund, which is reported as a major governmental fund. The *general fund* accounts for all financial resources of the general government. There are no resources required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The governmental fund 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* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes are recognized as revenue the year for which they are levied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims, and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

Annual appropriations lapse at fiscal year-end, even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for good or services (i.e., purchase orders, contracts, and commitments). The Library does not utilize encumbrance accounting.

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

- a. Prior to the adoption of a budget, a public hearing on the proposed budget is conducted within the requirements of the Budget Hearings of Local Governments Act, 1963 PA 43, MCL 141.411-141.415. Notice of the public hearing appears in a local paper at least six days prior to such hearing. The notice includes the time and place of the hearing as well as stating a place where a copy of the budget is available for public inspection.
- b. Any revisions of the budget must be approved by the Library Board.
- c. The budget is legally enacted through board resolution prior to the beginning of the fiscal year. The budget includes proposed expenditures and the means of financing them.
- d. Formal budgetary integration is employed as a management control device during the year for the general fund.
- e. Budgets for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Library Board during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
- f. The budget is prepared by the activity level and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level. Violations, if any are noted in the required supplementary information section.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position/Fund Balance

Cash

The Library's cash consists of savings and demand deposit accounts.

Investments

Certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Library intends to hold the investment until maturity. Currently there are no investments.

State statutes authorized the Library to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Library is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include leasehold improvements, furniture, equipment, and library books and materials, are reported in the government-wide financial statements. Capital assets are those assets with an individual cost of \$1,000 or more and estimated useful lives of more than one year. The total of books and other materials purchased during the year are capitalized and are depreciated over five years. The Library has elected not to capitalize rare books. Fully depreciated books and materials are removed from the asset schedule. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position/Fund Balance (continued)

Capital Assets (continued)

Land and construction in progress, if any, are not depreciated. The other capital assets of the Library are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and building improvements	30-40
Improvements (other than building)	15
Furniture and fixtures	10-15
Equipment	5-20
Vehicles	5

Net Position Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Library's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Library that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Property Taxes

Property taxes are levied and collected by Bath Charter Township and subsequently remitted to the Library. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is mid-February, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended December 31, 2020, Bath Charter Township levied the following amounts per \$1,000 of assessed valuation.

<u>Purpose</u>	<u>Mills</u>
Public library	0.6792

NOTE 2 - DEPOSITS

As of December 31, 2020, the Library had deposits subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. As of December 31, 2020, the carrying amount of the Library's deposits was \$108,336 and the bank balance was \$116,116, all of which was covered by federal depository insurance.

Interest Rate Risk

The Library Board has adopted a policy that indicates the Library will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS (continued)

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of December 31, 2020, the Library did not have any investments that would be subject to rating.

Concentration of Credit Risk

The Library Board has adopted a policy that indicates the Library will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Library's investment in a single issuer, by diversifying the investment portfolio by specific maturity dates, individual financial institution(s) or a specific class of securities so that that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Foreign Currency Risk

The Library is not authorized to invest in investments which have this type of risk.

NOTE 3 - CAPITAL ASSETS

The capital assets for the year ended December 31, 2020 are as follows:

	Balance <u>Jan. 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2020</u>
Capital assets being depreciated				
Collection	\$ 48,205			
Equipment and furniture	15,401			
Leasehold improvements	<u>-</u>			
Total capital assets, being depreciated	<u>63,606</u>			
Less accumulated depreciation for				
Collection	(10,975)	(11,848)	-	(22,823)
Equipment and furniture	(6,160)			
Leasehold improvements	<u>-</u>			
Total accumulated depreciation	<u>(17,135)</u>			
Total capital assets, being depreciated - net	<u>\$ 46,471</u>			

Depreciation expense for the year amounted to \$17,707.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - RISK MANAGEMENT

The Library participates in a pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for property, liability, and casualty losses. The pool is organized under Public Act 168 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Library has not been informed of any special assessments being required.

The Library also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Library has not been informed of any special assessments being required.

NOTE 5 - NONCANCELABLE OPERATING LEASE OBLIGATION

The Library has entered into a fifteen-year, noncancelable long-term lease. Rent expense for the year ended December 31, 2020, amounted to \$15,670.

Future minimum rental payments required under the operating lease are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 45,876
2022	45,876
2023	45,876
2024	45,876
2025	46,182
2026-2030	238,878
2031-2035	<u>239,830</u>
	<u>\$ 708,394</u>

NOTE 6 - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities, respectively. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

The following are reconciliations of fund balance to net position and the net change in fund balance to the change in net position:

Total Fund Balance - Governmental Fund	\$ 120,233
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Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	\$ 211,193	
Accumulated depreciation is	<u>(34,842)</u>	
Capital assets, net		<u>176,351</u>

Net Position of Governmental Activities	<u>\$ 296,584</u>
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Net Change in Fund Balance - Governmental Fund	\$ (69,562)
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Amounts reported in the statement of activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 147,587	
Depreciation expense	<u>(17,707)</u>	
Excess of capital outlay over depreciation expense		<u>129,880</u>

Change in Net Position of Governmental Activities	<u>\$ 60,318</u>
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NOTE 7 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022 fiscal year.

**BATH TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - UPCOMING ACCOUNTING PRONOUNCEMENTS - continued

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

NOTE 8 - UNCERTAINTIES

The extent of the impact of COVID-19 on the Library's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

Draft

**BATH TOWNSHIP PUBLIC LIBRARY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020**

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local sources				
Property taxes	\$ 298,000	\$ 298,000	\$ 299,025	\$ 1,025
State aid	4,600	4,600	9,285	4,685
Penal fines	60,000	60,000	47,429	(12,571)
Service fees	1,200	1,200	436	(764)
Donations	2,500	2,500	2,499	(1)
Interest income	45	45	149	104
Grant income	5,000	5,000	8,815	3,815
Miscellaneous	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
TOTAL REVENUES	<u>371,545</u>	<u>371,545</u>	<u>367,638</u>	<u>(3,907)</u>
EXPENDITURES				
Current				
Recreation and culture				
Salaries and wages	144,000		120,637	1,363
Payroll taxes/benefits	35,000		31,187	1,313
Contracted services	40,000		31,240	5,260
Materials and supplies	9,000		4,208	1,792
Telephone and utilities	7,500		8,138	(638)
Insurance	4,000		3,503	497
Repairs and maintenance	10,700		12,355	845
Programming	13,000		7,305	695
Travel	6,000		1,862	638
Rent and lease	11,000		81,562	(2,062)
Advertising and marketing	8,150		7,074	1,076
Miscellaneous	14,670		14,445	2,725
Capital outlay	<u>44,950</u>		<u>113,684</u>	<u>7,266</u>
TOTAL EXPENDITURES	<u>347,970</u>		<u>437,200</u>	<u>20,770</u>
NET CHANGE IN FUND BALANCE	<u>\$ 23,575</u>		<u>(69,562)</u>	<u>\$ 16,863</u>
FUND BALANCE				
Beginning of year			<u>189,795</u>	
End of year			<u>\$ 120,233</u>	

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 19, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedule, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Bath Township Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,