

# FINANCIAL STATEMENTS



*Dorr Township Library Fund*

**BALANCE SHEET**

*March 31, 2018*

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**ASSETS**

Cash	\$ 243,526
Taxes receivable	2,093
Due from other governments	<u>8,134</u>
Total assets	<u>\$ 253,753</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 3,346
Payroll taxes	<u>3,194</u>
Total liabilities	6,540
Fund balance - assigned for recreation and culture	<u>247,213</u>
Total liabilities and fund balance	<u>\$ 253,753</u>

*See notes to financial statements*

Dorr Township Library Fund

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - budget and actual**

Year ended March 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ 83,881	\$ 69,088	\$ (14,793)
State grants - state aid	-	-	7,957	7,957
Fines and forfeitures - penal fines	-	56,870	52,517	(4,353)
Interest	-	128	445	317
Other - miscellaneous	-	103,995	17,045	(86,950)
	<u>-</u>	<u>244,874</u>	<u>147,052</u>	<u>(97,822)</u>
Total revenues				
<b>EXPENDITURES</b>				
Recreation and culture:				
Payroll	98,000	95,148	95,587	(439)
Book purchases	12,000	12,201	9,245	2,956
Audio-visual materials	3,000	3,410	933	2,477
Periodicals	2,250	1,870	901	969
Collection and office supplies	3,500	4,629	5,278	(649)
Professional and contracted services	4,950	3,175	2,988	187
Community promotions	8,000	14,421	7,771	6,650
Education and training	7,000	4,487	34	4,453
Insurance	-	2,861	449	2,412
Communications	2,800	2,744	1,920	824
Maintenance and services	3,500	12,026	630	11,396
Equipment	11,000	9,508	1,942	7,566
Electronic access	15,200	16,437	14,602	1,835
Electronic media	9,000	8,818	10,996	(2,178)
Transportation	200	2,176	5,279	(3,103)
Advertising	1,000	564	983	(419)
Miscellaneous	-	16,570	483	16,087
	<u>181,400</u>	<u>211,045</u>	<u>160,021</u>	<u>51,024</u>
Total recreation and culture				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(181,400)	33,829	(12,969)	(46,798)
<b>OTHER FINANCING SOURCES</b>				
Transfers from General Fund	-	47,000	47,000	-
	<u>-</u>	<u>47,000</u>	<u>47,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	(181,400)	80,829	34,031	(46,798)
<b>FUND BALANCES - BEGINNING</b>	213,182	213,182	213,182	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 31,782</u>	<u>\$ 294,011</u>	<u>\$ 247,213</u>	<u>\$ (46,798)</u>

See notes to financial statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Dorr Township Library Fund (the Library) 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, 2018, 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 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.

*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 incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Library'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'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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Accordingly, actual results could differ from those estimates.

**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 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 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'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 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 \$243,526. 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 operations.

**NOTE 5 - RISK MANAGEMENT**

The Library 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.