

**BRANDON TOWNSHIP PUBLIC LIBRARY
OAKLAND COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2025**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Brandon Township Public Library
Ortonville, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Brandon Township Public Library (the "Library"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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 Library, as of December 31, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Gabridge & Company, PLC
Grand Rapids, Michigan
April 20, 2026

Management's Discussion and Analysis

**Brandon Township Public Library
Management’s Discussion and Analysis
December 31, 2025**

As management of the Brandon Township Public Library (the “Library” or “government”), we offer readers of the Library’s financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the Library exceeded its liabilities and deferred inflows at the close of this fiscal year by \$4,369,962 (shown as *net position*). Of this amount, \$1,500,777 is unrestricted and may be used to meet the Library’s ongoing obligations to citizens and creditors.
- During the year, the Library received \$1,602,517 in revenues and incurred \$1,360,410 in expenses, resulting in an increase in net position of \$242,107.
- The general fund increased its fund balance by \$221,840 during the year for an ending fund balance of \$1,537,747.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,199,885, or 86.9% of the general fund’s total expenditures.
- The Board has committed \$330,000 of fund balance for future capital projects.

Overview of the Financial Statements

The Library’s financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide a broad overview of the Library’s financial position. They are presented using a method of accounting that is similar to a private sector business.

The *statement of net position* presents information on all of the Library’s assets, liabilities, and deferred inflows of resources, with the difference being reported as the net position. Over time, increases or decreases in net position can 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 Library’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 result in cash flows in future fiscal periods (e.g., depreciation of capital assets).

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. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Library uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds. The Library's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions 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. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments, and certain other items are treated differently than on the government-wide statements. These items are recorded in the government fund balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. The Library has one governmental fund, its general fund.

The Library adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report further presents required supplementary information (RSI) that explains the information presented in the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of overall financial position. In the case of the Library, assets exceeded liabilities and deferred inflows by \$4,369,962 at the close of the most recent fiscal year. The following table illustrates the varying results of the governmental activities that combine to capture the Library's total net position.

Brandon Township Public Library's Net Position

	<u>2025</u>	<u>2024</u>
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 1,652,904	\$ 1,409,994
Taxes Receivable	1,366,024	1,312,852
Prepaid Items	7,862	16,969
Total Current Assets	<u>3,026,790</u>	<u>2,739,815</u>
<i>Noncurrent Assets</i>		
Capital Assets not being Depreciated	178,537	178,537
Capital Assets being Depreciated, net	2,704,936	2,633,411
Total Assets	<u>5,910,263</u>	<u>5,551,763</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	12,288	4,891
Payroll Liabilities	17,703	16,007
Deferred Revenue	7,363	35
Current Portion of Compensated Absences	7,394	-
Current Portion of Long-term Debt	3,779	-
Total Current Liabilities	<u>48,527</u>	<u>20,933</u>
<i>Noncurrent Liabilities</i>		
Compensated Absences	29,576	-
Long-term Debt	10,509	-
Total Liabilities	<u>88,612</u>	<u>20,933</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes Levied for a Subsequent Period	1,451,689	1,402,975
Total Deferred Inflows of Resources	<u>1,451,689</u>	<u>1,402,975</u>
NET POSITION		
Investment in Capital Assets	2,869,185	2,811,948
Unrestricted	1,500,777	1,315,907
Total Net Position	<u>\$ 4,369,962</u>	<u>\$ 4,127,855</u>

By far, the largest portion of the Library's net position (\$2,869,185 or 65.7%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and furniture, and library materials). The Library uses these capital assets to provide a variety of services to its patrons. Accordingly, these assets are not available for future spending.

The remaining portion of the Library’s net position of \$1,500,777, is unrestricted and may be used to meet the Library’s ongoing obligations to its patrons and creditors and makes up 34.3% of the total net position.

Taxes receivable and deferred inflows both increased by about \$50,000 due to expecting more taxes to be received in total.

Cash and cash equivalents increased \$242,910 in comparison to the prior year, largely due to the change in net position.

Capital assets being depreciated increased by \$71,525 as a result of capital asset additions exceeding depreciation.

At the end of the current fiscal year, the Library was able to report positive balances in all reported categories of net position and fund balance.

Governmental Activities. During the current fiscal year, net position increased \$242,107 from the prior fiscal year for an ending balance of \$4,369,962.

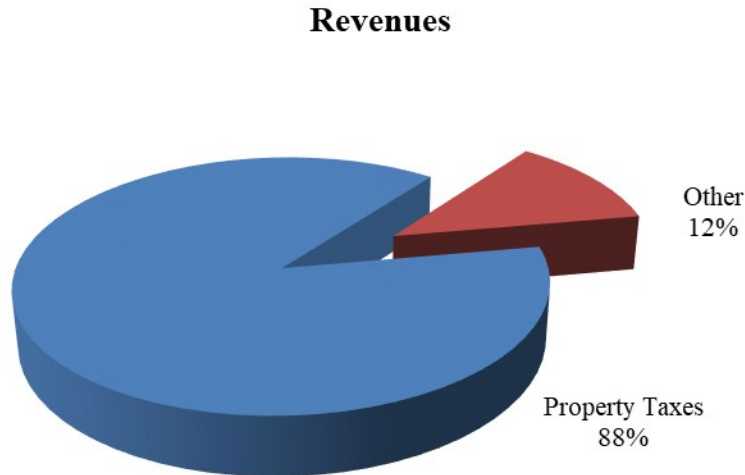
Brandon Township Public Library's Changes in Net Position

	<u>2025</u>	<u>2024</u>
Program Revenues		
Charges for Services	\$ 10,972	\$ 10,098
Operating Grants and Contributions	58,088	11,319
Total Program Revenues	<u>69,060</u>	<u>21,417</u>
General Revenues		
Property Taxes	1,409,614	1,327,971
Penal Fines	22,928	21,132
Intergovernmental	16,714	15,700
Interest	84,201	86,200
Total General Revenues	<u>1,533,457</u>	<u>1,451,003</u>
Total Revenues	<u>1,602,517</u>	<u>1,472,420</u>
Expenses		
Recreation and Culture	1,359,530	1,243,956
Interest on Long-term Debt	880	-
Total Expenses	<u>1,360,410</u>	<u>1,243,956</u>
Change in Net Position	242,107	228,464
<i>Net Position at Beginning of Period</i>	<u>4,127,855</u>	<u>3,899,391</u>
Net Position at End of Period	<u>\$ 4,369,962</u>	<u>\$ 4,127,855</u>

Property tax revenue increased by \$81,643 due to increases in the total taxable values of properties in the Library’s service area. Total expenses increased by \$115,574 compared to the prior year, primarily due to staff wages and fringe benefits increasing by \$41,359 and repairs and maintenance increasing by \$96,617.

Governmental Activities

The following chart details the revenue sources for the Library for the most recent fiscal year-end:



The largest expenses for the Library were salaries and fringe benefits expense of \$730,836 which represented 54.3% of the total expenses within the Library.

Financial Analysis of the Government's Funds

The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund - The general fund is the main operating fund of the Library. The general fund balance increased during the year by \$221,840, increasing the fund balance to \$1,537,747. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 86.9% of total general fund expenditures.

All revenues and expenditures were closely monitored by the Board and management during the year resulting in an increase of fund balance of \$221,840.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were no significant adjustments between original and final budgets.

Final budget compared to actual results. The Library did not have any expenditures in excess of appropriations during the year.

Capital Assets and Debt Administration

Capital Assets

The Library's investment in capital assets at year-end amounted to \$2,883,473 (net of accumulated depreciation). Capital assets of the Library include any items purchased that have an expected useful life of over one year and a cost of over \$5,000. The Library has invested in a broad range of capital assets. More information about the Library's capital assets can be found in the Notes to the Financial Statements section of this document.

Debt Administration

The Library's debt, exclusive of compensated absences, consists of one equipment lease payable, with an outstanding balance of \$14,288 as of the end of the year. More information can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Management estimates a similar level of revenues (compared to 2025) will be available for appropriation in the general fund in the 2026 budget.

Management estimates general operating expenditures to change by small amounts and to be comparable to 2025 operations. The Library continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2026, the Library plans again to use current revenues to provide essential services and to use reserves for capital improvements based on the Strategic Plan. The ongoing costs of providing essential services for the citizens of the Library will again need to be monitored in order to maintain the financial condition of the Library.

Subsequent Events

Subsequent events have been evaluated through April 20, 2026. The Library is planning on at least \$330,000 in capital projects for the future and therefore has committed that amount of fund balance.

Contacting the Library's Management

This financial report is designed to provide the wide variety of users of this document with a general overview of the Library's finances and demonstrate the Library's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to:

Brandon Township Public Library
304 South Street
Ortonville, Michigan 48462

Basic Financial Statements

Brandon Township Public Library
Statement of Net Position
December 31, 2025

ASSETS	
<i>Current Assets</i>	
Cash and Investments	\$ 1,652,904
Taxes Receivable	1,366,024
Prepaid Items	7,862
Total Current Assets	3,026,790
<i>Noncurrent Assets</i>	
Capital Asset not Being Depreciated	178,537
Capital Assets Being Depreciated, net	2,704,936
Total Assets	5,910,263
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	12,288
Payroll Liabilities	17,703
Current Portion of Compensated Absences	7,394
Deferred Revenue	7,363
Current Portion of Long-term Debt	3,779
Total Current Liabilities	48,527
<i>Noncurrent Liabilities</i>	
Compensated Absences	29,576
Long-term Debt	10,509
Total Liabilities	88,612
DEFERRED INFLOWS OF RESOURCES	
Taxes Levied for a Subsequent Period	1,451,689
Total Deferred Inflows of Resources	1,451,689
NET POSITION	
Investment in Capital Assets	2,869,185
<i>Unrestricted</i>	1,500,777
Total Net Position	\$ 4,369,962

The Notes to the Financial Statements are an integral part of these Financial Statements

**Brandon Township Public Library
Statement of Activities
For the Year Ended December 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Recreation and Culture	\$ 1,359,530	\$ 10,972	\$ 58,088	\$ --	\$ (1,290,470)
Interest on Long-term Debt	880	--	--	--	(880)
Total	\$ 1,360,410	\$ 10,972	\$ 58,088	\$ --	(1,291,350)
General Purpose Revenues:					
					1,409,614
					16,714
					22,928
					84,201
					1,533,457
					242,107
					4,127,855
					\$ 4,369,962

The Notes to the Financial Statements are an integral part of these Financial Statements

**Brandon Township Public Library
Balance Sheet
Governmental Fund
December 31, 2025**

	General
ASSETS	
Cash and Investments	\$ 1,652,904
Taxes Receivable	1,366,024
Prepaid Items	7,862
<i>Total Assets</i>	\$ 3,026,790
LIABILITIES	
Accounts Payable	\$ 12,288
Payroll Liabilities	17,703
Deferred Revenue	7,363
<i>Total Liabilities</i>	37,354
DEFERRED INFLOWS OF RESOURCES	
Taxes Levied for a Subsequent Period	1,451,689
<i>Total Liabilities and Deferred Inflows of Resources</i>	1,489,043
FUND BALANCE	
Nonspendable	7,862
Committed	330,000
Unassigned	1,199,885
<i>Total Fund Balance</i>	1,537,747
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 3,026,790

The Notes to the Financial Statements are an integral part of these Financial Statements

Brandon Township Public Library
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2025

Total Fund Balance - Governmental Fund	\$ 1,537,747
General government capital assets of \$5,943,126, net of accumulated depreciation of \$3,059,653, are not financial resources and, accordingly, are not reported in the funds.	2,883,473
Lease liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,288)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(36,970)
Total Net Position - Governmental Activities	\$ <u>4,369,962</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Brandon Township Public Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2025

	General
Revenues	
Property Taxes	\$ 1,409,614
Penal Fines	22,928
Intergovernmental	16,714
Charges for Services	7,388
Library Fines and Fees	1,194
Interest	84,201
Other Income	60,478
<i>Total Revenues</i>	1,602,517
Expenditures	
Staff Wages and Fringe Benefits	730,836
Supplies	23,584
Technology	11,477
Cooperative Expenditures	6,171
Professional and Contractual Services	36,193
Professional Development	5,234
Property and Liability Insurance	11,941
Community Relations	97,655
Public Utilities	43,603
Repairs and Maintenance	274,271
Administrative Expenditures	1,769
Library Collection Materials	131,108
Debt Service - Principal	5,955
Debt Service - Interest	880
<i>Total Expenditures</i>	1,380,677
<i>Excess of Revenues Over (Under) Expenditures</i>	221,840
<i>Net Change in Fund Balance</i>	221,840
<i>Fund Balance at Beginning of Period</i>	1,315,907
<i>Fund Balance at End of Period</i>	\$ 1,537,747

The Notes to the Financial Statements are an integral part of these Financial Statements

Brandon Township Public Library
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2025

Total Net Change in Fund Balances - Governmental Fund	\$	221,840
<p>Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$309,090 exceeds depreciation expense of \$237,565.</p>		
		71,525
<p>The repayment of principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term debt reduces long term liabilities on the statement of net position.</p>		
		(14,288)
<p>Change in compensated absences.</p>		
		(36,970)
Changes in Net Position - Governmental Activities	\$	<u>242,107</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Brandon Township Public Library

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Brandon Township Public Library (the “Library”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Library’s significant accounting policies.

Reporting Entity

Brandon Township Public Library is located in the Charter Township of Brandon, Oakland County, Michigan. The Library is primarily funded through tax levies, fines and fees, and state aid.

The Library is governed by an elected six-member board. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units that are to be included in these financial statements.

The Library’s financial statements are included in the Charter Township of Brandon’s financial statements for the year ended December 31, 2025, as a discretely presented component unit.

Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the activities of the Library. The Library only reports *government activities*, which are supported by taxes and intergovernmental revenues.

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

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts: 1) investment in capital assets, 2) restricted net position, and 3) unrestricted net position.

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

Brandon Township Public Library

Notes to the Financial Statements

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.

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 Library considers revenues to be available if they are 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, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Intergovernmental revenue, 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 and available only when cash is received by the Library.

The Library reports the following major governmental funds:

The **general fund** is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Financial Statement Amounts

Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of 90 days or less when acquired. Investments are stated at fair value based on quoted market price and include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. Certificates of deposit are stated at cost which approximates fair value.

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

Receivables - All trade and property tax receivables are shown as net of allowance for uncollectible amounts, the library has no allowance recorded for any of its receivables.

Property Taxes - Properties are assessed as of December 31 and the related property taxes are billed and become a lien on December 1 of the following year. They are considered delinquent

Brandon Township Public Library

Notes to the Financial Statements

on March 1st of the next year, and are then added to the county tax rolls. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred inflows of resources at December 31.

The Library levied 1.8771 operating mills per \$1,000 of taxable valuation. The 2024 taxable values were \$754,965,900 and were recognized as revenues during 2025 (the year that the tax revenues were intended to finance).

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets are reported at acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Buildings and Improvements	Straight-line	5 - 40 years
Computer Equipment	Straight-line	3 - 10 years
Equipment	Straight-line	5 - 15 years
Furniture and Fixtures	Straight-line	5 years
Library Collection Materials	Straight-line	10 years

Leases - The Library follows the requirements of GASB Statement No. 87, Leases, for reporting lease arrangements in which it is a lessee. Under GASB 87, a lease is defined as a contract that conveys control of the right to use another party's nonfinancial asset (the underlying asset) for a period of time in an exchange or exchange-like transaction.

Compensated Absences (PTO) - The Library's policy permits employees to accumulate earned but unused paid time off (PTO). Compensated absences are recognized as a liability when the leave is earned, and it is probably that the leave will be used or paid, and the amount can be reasonably estimated, in accordance with GASB Statement No. 101, Compensated Absences.

The liability is reported in governmental funds to the extent it is due and payable as a result of employee terminations at year-end; the remaining liability is reported in the government-wide financial statements. Compensated absences are liquidated by the funds that pay employee compensation.

Deferred Inflows of Resources - In addition to liabilities, the governmental funds balance sheet and the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be

Brandon Township Public Library

Notes to the Financial Statements

recognized as an inflow of resources (revenue) until that time. The Library has only one type of item, which arises under both the modified accrual and accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *taxes levied for a subsequent period*, is reported in both the governmental funds balance sheet and the government-wide statement of net position. These amounts represent taxes collected, or reported as taxes receivable, in December of the current year but are intended to finance the operation of the Library in the following fiscal year. Accordingly, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 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. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. The Library reports nonspendable fund balance for its prepaid items. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government 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 government’s highest level of decision making authority. The Library Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Library Board can assign fund balance, through a resolution, 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 the removal of an

Brandon Township Public Library

Notes to the Financial Statements

assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Library's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Library Board.

Fund Balance Flow Assumption

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through April 20, 2026. The Library is planning on at least \$330,000 in capital projects for the future and therefore has committed that amount of fund balance.

Additionally, subsequent to year-end, the Library entered into a contract for facility renovations totaling approximately \$48,000. Management expects the project to be completed in 2026 and will be funded through cash.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the general fund. All annual appropriations lapse at fiscal year end.

Brandon Township Public Library

Notes to the Financial Statements

The appropriation level adopted by the Board is the level of control authorized under the Uniform Budgeting Act (P.A. 621 of 1978, as amended). State law requires the Library to have its budget in place by November 1. The Library is not considered in violation of the Act if reasonable procedures are in use by the Library to detect violations.

Budgeted amounts are as originally adopted, or as amended by the Library Board throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Appropriations lapse at year end and therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

Budgetary Compliance

The Library did not have any expenditures in excess of appropriations for the year ended December 31, 2025.

Note 3 - Deposits and Investments

The Library operates under PA 164, thus the Library Board is independently elected, approves its own budget, maintains control over expenditures of all funds credited to the Library, and has the responsibility to see that adequate funding is provided. The Charter Township of Brandon has depository control of the Library funds.

The following summarizes the Library's cash and cash equivalents as of December 31, 2025:

Checking and Savings Accounts	\$ 116,896
Cash on Hand	387
Pooled Investments	1,535,621
Total	\$ 1,652,904

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits might not be returned. State law does not require and the Library does not have a policy for deposit custodial credit risk. As of year-end, \$0 of the Library's bank balance of \$139,747 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Library does not have a policy for investment custodial credit risk. The Library's investments at December 31, 2025 are not subject to custodial credit risk.

Brandon Township Public Library

Notes to the Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The Library's investment policy does not have specific limits in excess of state law on investment credit risk.

Credit risk ratings, where applicable, are summarized as follows:

<u>Rating Agency</u>	<u>Rating</u>	<u>FMV</u>
S&P	AAAm	<u>\$ 1,535,621</u>

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Library's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturity dates for investments held at year-end are summarized as follows:

	<u>Pooled Investments</u>
No Maturity	<u>\$ 1,535,621</u>

Fair Value Measurement

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

The Library holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year-end, the net asset value of the Library's investment in the Michigan CLASS government investment pool was \$1,535,621. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits,

Brandon Township Public Library

Notes to the Financial Statements

repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

Note 4 - Capital Assets

A summary of the changes in capital assets is as follows:

	Balance at 12/31/24	Additions	Disposals	Balance at 12/31/25
Capital Assets not being Depreciated				
Land	\$ 171,000	\$ -	\$ -	\$ 171,000
Artwork	7,537	-	-	7,537
Total Capital Assets not Being Depreciated	178,537	-	-	178,537
Capital Assets Being Depreciated/Amortized				
Buildings and Improvements	4,623,188	224,173	3,077	4,844,284
Computer Equipment	49,330	-	2,264	47,066
Equipment	49,673	-	-	49,673
Library Collection Materials	786,273	64,674	73,528	777,419
Furniture and Fixtures	25,904	-	-	25,904
Right of Use Asset - Copier Lease	-	20,243	-	20,243
Total Capital Assets Being Depreciated	5,534,368	309,090	78,869	5,764,589
Accumulated Depreciation/Amortization				
Buildings and Improvements	2,442,626	136,172	3,077	2,575,721
Computer Equipment	22,853	6,211	2,264	26,800
Equipment	39,809	5,443	-	45,252
Library Collection Materials	384,783	78,627	73,528	389,882
Furniture and Fixtures	10,886	4,688	-	15,574
Right of Use Asset - Copier Lease	-	6,424	-	6,424
Total Accumulated Depreciation/Amortization	2,900,957	237,565	78,869	3,059,653
Net Depreciable Capital Assets	2,633,411	71,525	-	2,704,936
Net Capital Assets	\$ 2,811,948	\$ 71,525	\$ -	\$ 2,883,473

The entire balance of \$237,565 of depreciation/amortization expense for the year was applied to the recreation and culture function.

Brandon Township Public Library

Notes to the Financial Statements

Note 5 – Long-term Debt

The following is a summary of long-term obligations of the Library for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease Liability	\$ -	\$ 20,243	\$ 5,955	\$ 14,288	\$ 3,779

The schedule of remaining annual payment requirements as of December 31, 2025, is presented below:

Year Ended	Lease Payable		
	Principal	Interest	Total
2026	\$ 3,775	\$ 529	\$ 4,304
2027	3,937	367	4,304
2028	4,107	197	4,304
2029	2,468	49	2,517
Totals	\$ 14,288	\$ 1,142	\$ 15,430

The Library provides compensated absences to eligible employees in the form of paid time off. In accordance with GASB Statement No. 101, *Compensated Absences*, a liability is recognized for leave that has been earned and is expected to be paid.

A summary of compensated absences activity for the year ended December 31, 2025, is as follows:

	Beginning Balance	Net Increase	Ending Balance	Due Within One Year
Compensated Absences	\$ -	\$ 36,970	\$ 36,970	\$ 7,394

Note 6 - Deferred Inflows of Resources

The governmental funds balance sheet and the government-wide statement of net position report taxes levied for a subsequent period in connection with revenue that are not considered to be available to liquidate liabilities of the current period as a deferred inflow. At the end of the current fiscal year, the taxes levied for a subsequent period was \$1,451,689 which represents the

Brandon Township Public Library

Notes to the Financial Statements

2025 tax levy funds that have been collected, or reported as receivable, as of the end of the year but are intended to be used to finance operations during the next fiscal year.

Note 7 - Defined Contribution Pension Plan

The Library has a defined contribution pension plan with MERS of Michigan. The Board administers the plan and has authority to establish and amend the plan, including the rate at which the Library will contribute. Employees are not required to contribute to the plan. The Library contributed \$27,808 to the pension plan during the year and used no forfeitures to fund the total Library pension expense of \$27,808.

Note 8 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance to cover these risks. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Fund Balances

The Library has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Summarized information on fund balances of the Library's fund was as follows:

Fund Balances	General Fund
Nonspendable	
Prepaid Expenditures	\$ 7,862
Committed	
Future Capital Projects	330,000
<i>Total Committed Fund Balance</i>	<u>330,000</u>
Unassigned	1,199,885
<i>Total Fund Balances</i>	<u>\$ 1,537,747</u>

REQUIRED SUPPLEMENTARY INFORMATION

Brandon Township Public Library
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				Final to Actual
Revenues				
Property Taxes	\$ 1,402,975	\$ 1,402,975	\$ 1,409,614	\$ 6,639
Penal Fines	30,000	30,000	22,928	(7,072)
Intergovernmental	--	--	16,714	16,714
Charges for Services	3,850	3,850	7,388	3,538
Library Fines and Fees	750	750	1,194	444
Interest	55,100	55,100	84,201	29,101
Other Income	6,750	64,250	60,478	(3,772)
Total Revenues	<u>1,499,425</u>	<u>1,556,925</u>	<u>1,602,517</u>	<u>45,592</u>
Expenditures				
Staff Wages and Fringe Benefits	776,900	776,900	730,836	46,064
Supplies	31,800	31,800	23,584	8,216
Technology	25,400	25,400	11,477	13,923
Cooperative Expenditures	7,700	7,700	6,171	1,529
Professional and Contractual Services	40,015	40,015	36,193	3,822
Professional Development	9,600	9,600	5,234	4,366
Property and Liability Insurance	24,800	24,800	11,941	12,859
Community Relations	50,750	108,250	97,655	10,595
Public Utilities	57,500	57,500	43,603	13,897
Repairs and Maintenance	115,300	310,300	274,271	36,029
Administrative Expenditures	2,500	2,500	1,769	731
Library Collection Materials	143,600	143,600	131,108	12,492
Debt Service - Principal	5,955	5,955	5,955	--
Debt Service - Interest	880	880	880	--
Total Expenditures	<u>1,292,700</u>	<u>1,545,200</u>	<u>1,380,677</u>	<u>164,523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>206,725</u>	<u>11,725</u>	<u>221,840</u>	<u>210,115</u>
Net Change in Fund Balance	<u>206,725</u>	<u>11,725</u>	<u>221,840</u>	<u>210,115</u>
<i>Fund Balance at Beginning of Period</i>	<u>1,315,907</u>	<u>1,315,907</u>	<u>1,315,907</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 1,522,632</u>	<u>\$ 1,327,632</u>	<u>\$ 1,537,747</u>	<u>\$ 210,115</u>

April 20, 2026

To the Members of the Library Board
Brandon Township Public Library
Ortonville, Michigan

We have audited the financial statements of the governmental activities and the major fund of the Brandon Township Public Library (the "Library") for the year ended December 31, 2025. 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 9, 2026. 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. We noted no new accounting policies adopted and no changes to the application of existing policies during the fiscal year. 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 financial statements was:

- Management's estimate of the useful lives of depreciable capital assets is based on length of time it is believed that those assets will provide some economic benefit in the future.

We evaluated the key factors and assumptions used to develop the useful lives of depreciable capital assets in determining that it is 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.

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 20, 2026.

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 management's discussion and analysis and the budgetary comparison schedule, which are required supplementary information (RSI) that supplements 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 Members of the Board and management of the Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, Michigan