BRIGGS DISTRICT LIBRARY
CLINTON COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022

GABRIDGE & CO.

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GABRIDGE & CO

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INDEPENDENT AUDITOR'S REPORT

To the Library Board
Briggs District Library
St. Johns, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Briggs District Library (the "Library"), as of and for the year ended June 30, 2022, 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 each major fund of the Library as of June 30, 2022, 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 Library 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

Gabridge & Company, PLC
Grand Rapids, Michigan
December 2, 2022

Management's Discussion and Analysis

Briggs District Library
Management's Discussion and Analysis
June 30, 2022

As management of the Briggs District Library (the "Library"), 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 June 30, 2022. 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 at the close of this fiscal year by $1,471,249 (shown as *net position*). Of this amount $904,852 (*unrestricted net position*) may be used to meet the Library's ongoing services and obligations.

- During the year, the Library received $658,727 in revenues and incurred $584,140 in expenses, resulting in an increase in net position of $74,587.

- The general fund increased its fund balance by $38,517 during the year for an ending fund balance of $922,982.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $922,982, or 149% of the general fund's total annual expenditures.

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 s*tatement of net position* presents information on all of the Library's assets and liabilities, 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 s*tatement 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 general fund is the only governmental fund for the Library.

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 its 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 demonstrates compliance with the Library's budget.

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 by $1,471,249 as of June 30, 2022.

The following schedule shows the assets, liabilities, and net position of the Library for the past two June 30 fiscal year-ends:

ASSETS	2022	2021
Current Assets		
Cash and Investments	$ 873,879	$ 856,079
Due from Other Governments	68,637	66,313
Total Current Assets	942,516	922,392
Noncurrent Assets		
Capital Assets, net	566,397	530,182
Total Assets	1,508,913	1,452,574
LIABILITIES		
Current Liabilities		
Accounts Payable	3,838	24,301
Accrued Payroll	15,697	13,626
Current Portion of Compensated Absences	4,532	4,496
Total Current Liabilities	24,067	42,423
Noncurrent Liabilities		
Compensated Absences	13,597	13,489
Total Liabilities	37,664	55,912
NET POSITION		
Investment in Capital Assets	566,397	530,182
Unrestricted	904,852	866,480
Total Net Position	$ 1,471,249	$ 1,396,662

A portion of the Library's net position ($566,397, or 38%) reflects its investment in capital assets (e.g., building, equipment, furniture, and library books. 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 balance of $904,852 is unrestricted and may be used to meet the Library's ongoing obligations to its patrons and creditors.

Cash and cash equivalents increased by $17,800 and net capital assets increased by $36,215 from the prior year, which is correlated with the overall increase in net position of $74,587.

Governmental Activities. In the fiscal year ended June 30, 2022, one of the Library's major source of financing its operation were property taxes of $549,142. Another major source of revenue were penal fines of $58,366.

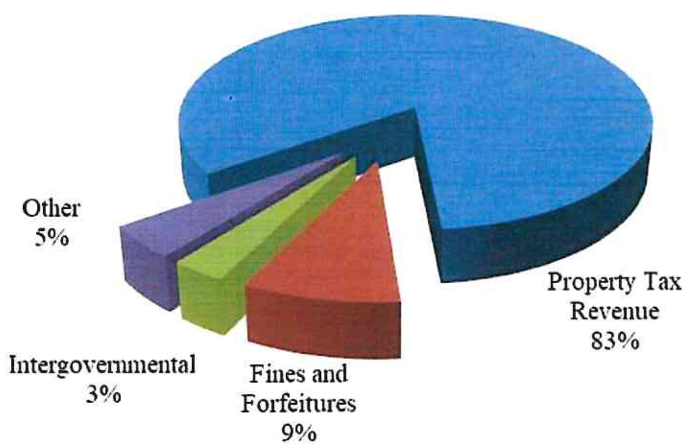
Overall revenues increased by $50,754 from the prior year mainly due to an increase in property taxes of $34,646. Expenses increased by $65,031, primarily a result of Library hours returning to normal and employees working more hours.

Governmental Activities

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

	2022	2021
Program Revenues		
Charges for Services	$ 13,999	$ 6,467
Operating Grants and Contributions	12,808	10,098
Total Program Revenues	26,807	16,565
General Revenues		
Property Taxes	549,142	514,496
Unrestricted State Aid	20,988	16,770
Penal Fines	58,366	57,857
Interest	3,424	2,285
Total General Revenues	631,920	591,408
Total Revenues	658,727	607,973
Expenses		
Recreation and Culture	584,140	519,109
Total Expenses	584,140	519,109
Net Change in Net Position	74,587	88,864
Net Position at Beginning of Period	1,396,662	1,339,714
Net Position at End of Period	$ 1,471,249	$ 1,396,662

Revenues



Salaries and payroll taxes were the largest expenses for the Library. The Library spent $405,927 on salaries and payroll taxes, or 69% of the Library's total expenses. Another significant expense for the Library was depreciation expense of $70,716, which represented 12% of the total expenses within the Library during the fiscal year ended June 30, 2022.

Financial Analysis of the Library's Fund

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

General Fund. The general fund is the chief operating fund of the Library. At the end of the current fiscal year, unassigned fund balance of the general fund was $922,982. 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 149% of total general fund expenditures.

The fund balance of the Library general fund increased by $38,517 during the year. The change in fund balance is due mainly to increased taxable values during the year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was one amendment to the original budgeted revenues or appropriations that was significant. The Library originally budgeted $82,980 for capital outlay and increased it to $123,637.

Final budget compared to actual results. The Library had no budget exceptions.

Capital Assets

The Library's investment in capital assets at year-end amounted to $566,397 (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 $1,000. 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.

Economic Factors and Next Year's Budgets and Rates

Management estimates that approximately $660,000 of revenues will be available for appropriation in the general fund in the upcoming budget. 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.

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:

Briggs District Library
108 East Railroad Street
St. Johns, MI 48879

Basic Financial Statements

Briggs District Library
Statement of Net Position
June 30, 2022

ASSETS		
Current Assets		
Cash and Investments	$	873,879
Due from Other Governmental Units		68,638
Total Current Assets		942,517
Noncurrent Assets		
Capital Assets Being Depreciated, net		510,240
Capital Assets not Being Depreciated		56,157
Total Assets		1,508,914
LIABILITIES		
Current Liabilities		
Accounts Payable		3,838
Accrued Payroll		15,697
Current Portion of Compensated Absences		4,532
Total Current Liabilities		24,067
Noncurrent Liabilities		
Compensated Absences		13,598
Total Liabilities		37,665
NET POSITION		
Investment in Capital Assets		566,397
Unrestricted		904,852
Total Net Position	$	**1,471,249**

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

Briggs District Library
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contribution**	**Capital Grants and Contribution**	**Net (Expense) Revenue**
Recreation and Culture	$ 584,140	$ 13,999	$ 12,808	$ --	$ (557,333)
Total	$ 584,140	$ 13,999	$ 12,808	$ --	(557,333)

General Purpose Revenues:	
Revenues	
Property Taxes	549,142
Unrestricted State Aid	20,988
Penal Fines	58,366
Interest	3,424
Total General Revenues	631,920
Change in Net Position	**74,587**
Net Position at Beginning of Period	1,396,662
Net Position at End of Period	$ **1,471,249**

Briggs District Library
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds	$	922,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This represents capital assets of $1,186,463, net of accumulated depreciation of $620,066.		566,397
Compensated absences are note due and payable in the current period and, therefore, are not reported in the funds.		(18,130)
Total Net Position - Governmental Activities	$	**1,471,249**

Briggs District Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General
Revenues	
Property Taxes	$ 549,142
Unrestricted State Aid	20,988
Fines and Replacement Fees	58,366
Charges for Services	8,222
Other Revenue	18,585
Interest	3,424
Total Revenues	658,727
Expenditures	
Wages and Benefits	406,072
Supplies	10,057
Other Services and Charges	80,482
Capital Outlay	123,599
Total Expenditures	620,210
Excess of Revenues Over (Under) Expenditures	38,517
Net Change in Fund Balance	**38,517**
Fund Balance at Beginning of Period	884,465
Fund Balance at End of Period	**$ 922,982**

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

Briggs District Library
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	$	38,517
Governmental funds report capital outlay as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This represents the amount by which capital outlay expenditures of $106,931 exceeded depreciation expense of $70,716.		36,215
Compensated absences are expensed in the statement of activities when incurred. However, if they are not to be paid using current financial resources, they are not recorded in the fund statements. This represents the change in compensated absences for the year.		(145)
Changes in Net Position - Governmental Activities	$	**74,587**

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Briggs District 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

The Library was established in May 2016 as a district library pursuant to the District Library Establishment Act, 1989 PA 24, MCL 397.171. The Library is governed by a seven-member Library Board. The Library is administered by a director appointed by the Board. The Library is primarily funded through a tax levy on property within the Library district, fines, fees, and state aid.

The financial statements of the Library have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The Library's more significant accounting policies are described below.

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 non-fiduciary activities of the primary government.

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 revenue includes; 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 instead 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 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 fund:

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

Property Tax

Property taxes attach as an enforceable lien on property as of December 31 each year. Library taxes, levied and immediately due July 1, are collected without penalty through September 15, and with penalty thereafter. Library property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are budgeted and available for the financing of operations.

The 2021 state taxable value for real/personal property of the Library totaled approximately $736,926,227. The ad valorem taxes levied consisted of .7459 mills for Library operations.

Capital Assets

Capital assets are defined by the Library as assets with an initial cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets are reported at the estimated 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:

	Years
Library collection	5
Equipment and furniture	5 - 10
Buildings and improvements	10 - 40

Compensated Absences

The Library's employees are granted vacation and sick leave in varying amounts based upon length of service and position. Unused sick pay leave may accumulate and be carried over to a subsequent year, subject to restrictions. No portion of unused sick leave is paid to employees at the time of termination or retirement. It is the Library's policy to recognize the cost of sick leave at the time payments are made. Vacation pay accrued at year-end which is subject to payment upon termination has been included as a liability on the statement of net position and not on the balance sheet as the balance is not expected to be liquidated with expendable available financial resources.

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 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.

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. *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 of Trustees 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 Director can 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 the removal of an 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 of Trustees.

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

Management has evaluated subsequent events through December 2, 2022, the date on which these financial statements were available to be issued. See Note 10 for more information.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by individual revenue and expenditure line item. The legal level of budgetary control is the individual line item. The Board of Trustees can make supplemental budgetary appropriations throughout the year.

All annual appropriations lapse at the end of the fiscal year.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30, 2022:

Deposits and Investments	
Checking and Savings Accounts	$ 873,879

The Library is limited to the following investments authorized by Act 20 of 1943, as amended:

a. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982 (MCL 129.111-129.118).

b. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985 (MCL 129.141-129.150).

c. Bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States.

d. Certifications of deposit, saving accounts, deposit accounts of depository receipts of a financial institution as defined in MCLA 129.91(4) provided that the financial institution is eligible to be a depository of funds belonging to the State under a law or rule of the State of Michigan or the United States.

e. Repurchase agreements consisting of instruments listed in c., above.

Custodial Credit Risk - Deposits

In the case of deposits, which is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library will minimize its custodial credit risk by diversifying its investments by institution. As of year-end, $214,669 of the Library's bank balance of $873,879 was exposed to custodial credit risk because the Library's deposits were uninsured and/or uncollateralized.

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.

Note 4 - Accounts Receivable

Accounts receivable as of June 30, 2022 represents penal fines and state shared revenues that were paid out after the fiscal year end that related to that period.

The Library has no uncollectable accounts receivable balances as of June 30, 2022.

Note 5 - Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Construction in Progress	$ -	$ 56,157	$ -	$ 56,157
Capital assets being depreciated				
Library collection	279,005	40,701	26,353	293,353
Equipment and furniture	16,965	10,073	-	27,038
Buildings and improvements	809,915	-	-	809,915
Total capital assets being depreciated	1,105,885	50,774	26,353	1,130,306
Less accumulated depreciation				
Library collection	150,356	43,719	26,353	167,722
Equipment and furniture	3,489	2,809	-	6,298
Buildings and improvements	421,858	24,188	-	446,046
Total accumulated depreciation	575,703	70,716	26,353	620,066
Capital assets, net	$ 530,182	$ 36,215	$ -	$ 566,397

Total depreciation expense for the year was $70,716 and it was entirely allocated to the recreation and culture function.

Note 6 - Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for vacation leave. The dollar amounts of these vested rights, including related payroll taxes, have been recorded as a current liability in the government-wide financial statements.

The following is a summary of changes in compensated absences of the Library for the year ended June 30, 2022:

	6/30/2021 Balance	Additions	6/30/2022 Balance	Due Within One Year
Compensated absences	$ 17,985	$ 145	$ 18,130	$ 4,532

Note 7 - Defined Contribution Pension Plans

The Library maintains a 401(a) and 457 defined contribution pension plan with VantageTrust. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Library Board. Full time employees are eligible to participate from the date of employment. The Library contributes 6-10% of gross wages for eligible employees. The Library's contributions are fully vested after five years of employment. The Library made contributions of $14,147 to the 401(a) plan and employees made $13,108 to the 457 plan during the year ended June 30, 2022.

Note 8 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance. Liabilities in excess of insurance are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no losses in excess of insurance in the prior three years.

Note 9 - Tax Abatement Disclosure

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2022, the Library's property taxes were reduced by $857 under this program.

Note 10 – Subsequent Events

The Library will no longer be part of the City's pension plan. Starting in fiscal year 2023 the Library will be receiving it's own actuarial valuation of their pension plan from MERS.

The Library is also in the early stages of planning renovations to the library building. Designs for the renovations are currently being made. The total cost has yet to be determined. The Library is hoping to have this project underway within the next few years.

Required Supplementary Information

Briggs District Library
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Property Taxes	$ 512,992	$ 537,195	$ 549,142	$ 11,947
Unrestricted State Aid	17,395	18,863	20,988	2,125
Fines and Replacement Fees	81,900	72,065	58,366	(13,699)
Charges for Services	3,205	4,490	8,222	3,732
Other Revenue	4,400	7,000	18,589	11,589
Interest	300	3,115	3,424	309
Total Revenues	620,192	642,728	658,731	16,003
Expenditures				
Wages and Benefits	419,073	419,104	406,072	13,032
Supplies	12,050	12,050	10,057	1,993
Other Services and Charges	106,089	115,389	80,486	34,903
Capital Outlay	82,980	123,637	123,599	38
Total Expenditures	620,192	670,180	620,214	49,966
Excess (Deficiency) of Revenues Over Expenditures	--	(27,452)	38,517	65,969
Net Change in Fund Balance	--	**(27,452)**	**38,517**	**65,969**
Fund Balance at Beginning of Period	884,465	884,465	884,465	--
Fund Balance at End of Period	**$ 884,465**	**$ 857,013**	**$ 922,982**	**$ 65,969**

GABRIDGE & CO.

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December 2, 2022

To the Members of the Library Board
Briggs District Library
St. Johns, Michigan

We have audited the financial statements of the governmental activities and the major fund of the Briggs District Library (the "Library") for the year ended June 30, 2022. 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 October 7, 2022. 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 polices was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by the governmental unit 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 the 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 estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop these estimates 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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 December 2, 2022.

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 governmental unit'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 governmental unit'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.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the Library as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we have identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

Material audit adjustments and financial statement preparation:

Criteria: All governmental units in Michigan are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the management. The preparation of financial statements in accordance with GAAP requires internal controls over both; (1) recording, processing, and summarizing accounting data (i.e. maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related notes to the financial statements (i.e. external financial reporting).

Condition: We identified and proposed material audit adjustments that management reviewed and approved and assisted with preparing the financial statements.

As is the case with many small and medium-sized governmental units, the Library has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis as part of its external financial reporting process. Accordingly, the Library's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditor, who cannot, by definition, be considered part of the Library's internal controls. Having the auditor draft the annual financial statements is allowable under current auditing standards and ethical guidelines and may be the most efficient and effective method for preparation of the Library's financial statements. However, when an entity (on its own) lacks the ability to produce financial statements that conform to GAAP, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses.

Cause: This condition was caused by the Library's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Library to perform this task internally because outsourcing the task is considered more cost effective.

Effect: The Library's accounting records were initially misstated by amounts material to the financial statements. In addition, the Library lacks complete internal controls over the preparation of its financial statements in accordance with GAAP, and, instead, relies, at least in part, on assistance from its external auditor for assistance with this task.

Auditor's Recommendation: We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustments and prepare a draft of the Library's annual financial statements versus contracting with its auditor for these services.

Management Response: Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

We did not audit the Library's response to the internal control finding described above and, accordingly, we express no opinion on it.

Restrictions on Use

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

Gabridge & Company

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