



January 30, 2026

To the Members of the  
Branch District Library  
Branch County, Michigan

We have audited the financial statements of the governmental activities, and each major fund of Branch District 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 (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 January 30, 2026. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Branch District Library are described in Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during December 31, 2025. We noted no transactions entered into by Branch District 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 Branch District Library's financial statements was:

Estimates have been used in calculating the liability for employee compensated absences. The estimated liability is approximately \$13,300.

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 January 30, 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 Branch District 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 Branch District 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 Required Supplementary Information, which is 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 information and use of Branch District Library and management of Branch District Library and is not intended to be, and should not be, used by anyone other than these specified parties.

*Taylor, Plant & Watkins, P.C.*  
TAYLOR, PLANT & WATKINS, P.C.



ALGANSEE • BRONSON • COLDWATER  
QUINCY • SHERWOOD • UNION TWP.

January 30, 2026

Taylor, Plant & Watkins, P.C.  
20 Tibbits Plaza  
Coldwater, Michigan 49036

This representation letter is provided in connection with your audit of the financial statements of Branch District Library, which comprise the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information as of December 31, 2025, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 30, 2026, the following representations made to you during your audit.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.



**BDL ADMINISTRATIVE OFFICES**

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3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Branch District Library is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to people within the Branch District Library from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Branch District Library and committees of the Library Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, short sellers, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the Branch District Library's related parties and all the related party relationships and transactions of which we are aware.

**Government - specific**

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The Branch District Library has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it related to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved and accepted responsibility for those financial statements and related notes.
28. The Branch District Library has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The Branch District Library has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements include all fiduciary activities required by GASB No. 84.
32. The financial statements properly classify all funds and activities in accordance with GASB No. 34.
33. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
34. Components of net position (net investment in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and if applicable, approved.

35. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
39. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
40. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
41. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
42. We have appropriately disclosed the Branch District Library's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
43. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
44. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in prior period. We have disclosed to you and significant assumptions and interpretations underlying the measurement and presentation of the RSI.
45. We are in agreement with the adjusting journal entries you proposed and they will be posted to our accounts.
46. It is understood that we will allow you to review before publication, all financial statements associated with your auditor's report or firm name.

*John Rucker, Director*  
Branch District Library Representative

**BRANCH DISTRICT LIBRARY  
BRANCH COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

**To the Members of the Branch  
District Library Board  
Coldwater, Michigan**

**January 30, 2026**

### **Opinions**

We have audited the accompanying financial statements of the government activities, and each major fund of the Branch District Library, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Branch District 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 financial position of Branch District Library as of December 31, 2025, and the results of its operations 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 Statement section of our report. We are required to be independent of Branch District 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 the fair presentation of these 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 Branch District Library's ability to continue as a going concern for twelve months beyond the financial statement due 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 opinion. 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 Branch District 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 Branch District 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.

**To the Members of the Branch  
District Library Board  
Coldwater, Michigan**

**January 30, 2026**

### **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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Branch District Library's basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Taylor, Plant & Watkins, P.C.*  
**TAYLOR, PLANT & WATKINS, P.C.**  
**COLDWATER, MICHIGAN**

## **BRANCH DISTRICT LIBRARY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Branch District Library's financial performance provides an overview of the Branch District Library's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the Branch District Library's financial statements.

#### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Branch District Library as a whole and present a longer-term view of the Library's finances. This longer-term view uses the accrual basis of accounting to measure the cost of providing services.

The fund financial statements present a short-term view; they tell us how the resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Library's operations in more detail than the Government-Wide financial statements by providing information about the Library's most significant funds.

**Government-wide Financial Statements** - Government-wide financial statements provide readers with a broad overview of the finances of the Library as a whole, in a manner similar to a private sector business, distinguishing functions of the Library that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). These statements present a longer-term view using the accrual basis of accounting, which requires that revenues are reported when they are earned and expenses are reported when incurred. They measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services. The statements include a Statement of Net Position and Statement of Activities.

The Statement of Net Position presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. The Statement of Activities reports the current year's revenues and expenses and how the Library's net position changed during the year. Over time, increases or decreases in net position can serve as one indicator of the financial position of the Library.

**Fund Financial Statements** – The fund financial statements present more detailed information about the Library's most significant funds, not the Library as a whole. The fund financial statements present a short-term view, using a modified accrual basis of accounting, and tell us how the taxpayers' resources were spent during the year as well as how much is available for future spending. Funds are accounting tools the Library uses to keep track of specific sources of funding and spending for particular purposes.

## BRANCH DISTRICT LIBRARY

### MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

**Governmental Funds** – Governmental funds account for most, if not all, of a government's tax-supported functions. They are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

**Notes to the Financial Statements** – The notes provide supplementary information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning budgetary comparisons of the General Fund, as well as other supplementary information.

#### The Library as a Whole

The following table shows, in condensed format, the fund balance as of the current date and compared to the prior year under the modified accrual basis:

	<b>Governmental Funds</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets</b>	\$ 2,094,661	\$ 2,123,017
<b>Liabilities and deferred inflows of resources</b>	<u>105,530</u>	<u>121,896</u>
<b>Fund Balance</b>		
Nonspendable	21,136	-
Restricted	262,804	262,623
Committed	274,912	250,321
Assigned	380,980	407,681
Unassigned	<u>1,049,299</u>	<u>1,080,496</u>
Total fund balance	<u>\$ 1,989,131</u>	<u>\$ 2,001,121</u>

**BRANCH DISTRICT LIBRARY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

The following table shows, in condensed format, the net position as of the current date as required by GASB 34 stated under the full accrual basis compared to prior year:

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current and other assets	\$ 2,094,661	\$ 2,123,017
Capital assets	692,595	746,632
Total assets	2,787,256	2,869,649
<b>Liabilities</b>		
Current liabilities and deferred inflows	105,530	121,896
Long-term liabilities	13,300	14,000
Total liabilities	118,830	135,896
<b>Net Position</b>		
Investment in capital assets - net of related debt	692,595	746,632
Restricted for:		
Special revenue trust fund	390,582	365,810
Permanent trust fund	147,134	147,134
Unrestricted	1,438,115	1,474,177
Total net position	\$ 2,668,426	\$ 2,733,753

**BRANCH DISTRICT LIBRARY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

The following table shows the changes of the fund equity during the current year and as compared to the prior year, under the modified accrual basis:

	<b>Governmental Funds</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Taxes	\$ 2,223,432	\$ 2,050,763
State aid	53,106	47,419
Interest earned	44,274	56,584
Penal fines	122,117	131,030
Charges for services	17,272	19,286
Donations	67,611	58,281
Reimbursements	59,079	25,907
Other revenue	7,847	50,967
	<hr/>	<hr/>
Total revenue	2,594,738	2,440,237
<b>Expenditures</b>		
Cultural	2,606,728	2,584,444
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	2,606,728	2,584,444
	<hr/>	<hr/>
Change in fund equity	\$ (11,990)	\$ (144,207)

**BRANCH DISTRICT LIBRARY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

The following table shows, in condensed format, the changes of net position as of the current date as required by GASB 34 stated under full accrual basis:

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 17,272	\$ 19,286
Operating/grants and contributions	126,690	84,188
General revenues:		
Property taxes	2,223,432	2,050,763
State aid not restricted for specific purposes	53,106	47,419
Penal fines not restricted for specific purposes	122,117	131,030
Interest and investment earnings	44,274	56,584
Other	<u>7,847</u>	<u>50,967</u>
Total revenues	2,594,738	2,440,237
<b>Expenditures</b>		
Cultural	<u>2,660,065</u>	<u>2,377,090</u>
<b>Change in Net Position</b>	<u>\$ (65,327)</u>	<u>\$ 63,147</u>

- The Library’s net position decreased by \$65,327 this year, compared to an increase of \$63,147 in the prior year, under full accrual accounting. Under the modified accrual basis fund equity decreased by \$11,990 compared to a decrease of \$144,207 in the prior year.
- The Library’s primary source of revenue is property taxes, which represented 86% percent of total revenue. Penal fines in 2025 accounted for 5% of revenue.
- Personnel cost continues to be the Library’s most significant expense, representing 64% percent of total governmental fund expenses.
- Depreciation expense of \$156,686 represents approximately 6% percent of the Library’s total governmental activities expenses.

## **BRANCH DISTRICT LIBRARY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

#### **Library Budgetary Highlights for 2025:**

- Tax revenue predictions were within one percent of actual receipts. Total revenue was slightly higher than expected.
- We launched our bookmobile, and so had new costs for maintenance and fuel.
- Restrooms were renovated at the Coldwater branch.
- The Library partnered with Algansee Township to renovate the township hall, making it ready for use to move into our new library facility there by the end of the year.
- Total expenditures were somewhat under budget, partially due to the Algansee project not being fully expensed until 2026 due to the timing of the renovation and move, and partially from some smaller projects still awaiting completion.
- The Library's goal was to decrease the unassigned fund balance with projects in 2025. The unassigned fund balance did decrease from completed projects and is still in a healthy position to facilitate additional projects before reaching the desired fund balance target.

#### **Next Year's Funding (2026)**

- Revenues are predicted to continue to climb in 2026 due to increases in property taxes from energy projects in the County.
- We expect interest income to decline somewhat as we liquidate certificates of deposit to pay for projects and interest rates continue to fall.
- The assigned fund balance for Special Projects will continue to be used on special projects, like repairing gutters at the Coldwater branch. There are no major plans for 2026 for the unassigned fund balance.

**BRANCH DISTRICT LIBRARY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 905,700
Investments	475,097
Due from other governmental units	48,944
Prepaid expenses	21,136
Restricted assets:	
Cash	428,228
Investments	215,556
Capital assets less accumulated depreciation of \$1,065,386	<u>692,595</u>
Total assets	2,787,256
 <b>LIABILITIES</b>	
Accounts payable	3,392
Accrued expenses	100,818
Due to other governmental units	1,320
Long term liabilities	
Compensated absences	<u>13,300</u>
Total liabilities	118,830
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenues levied for subsequent year	-
 <b>NET POSITION</b>	
Investment in capital assets - net of related debt	692,595
Restricted for:	
Special revenue trust fund	390,582
Permanent trust fund	147,134
Unrestricted	<u>1,438,115</u>
Total net position	<u><u>\$ 2,668,426</u></u>

See Notes to Financial Statements

**BRANCH DISTRICT LIBRARY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>Program Revenues</b>			<b>Governmental Activities</b>
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating / Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
Cultural	\$ 2,660,065	\$ 17,272	\$ 126,690	\$ (2,516,103)
General revenues:				
Property taxes, levied for general purposes				2,223,432
State aid not restricted for specific purposes				53,106
Penal fines not restricted for specific purposes				122,117
Interest and investment earnings				44,274
Other				7,847
Total general revenues				2,450,776
<b>Change in Net Position</b>				(65,327)
<b>Net Position - Beginning</b>				2,733,753
<b>Net Position - Ending</b>				\$ 2,668,426

**BRANCH DISTRICT LIBRARY**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2025**

	<u>General Fund</u>	<u>Special Revenue Trust Fund</u>	<u>Permanent Trust Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 630,788	\$ 274,912	\$ -	\$ 905,700
Investments	475,097	-	-	475,097
Due from County	48,944	-	-	48,944
Prepaid expenses	21,136	-	-	21,136
Restricted assets:				
Cash	265,978	105,250	57,000	428,228
Investments	115,002	10,420	90,134	215,556
	<u>\$ 1,556,945</u>	<u>\$ 390,582</u>	<u>\$ 147,134</u>	<u>\$ 2,094,661</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,392	\$ -	\$ -	\$ 3,392
Accrued expenses	100,818	-	-	100,818
Due to others	1,320	-	-	1,320
	<u>105,530</u>	<u>-</u>	<u>-</u>	<u>105,530</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax revenues levied subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Nonspendable	21,136	-	-	21,136
Restricted	-	115,670	147,134	262,804
Committed	-	274,912	-	274,912
Assigned	380,980	-	-	380,980
Unassigned	1,049,299	-	-	1,049,299
	<u>1,451,415</u>	<u>390,582</u>	<u>147,134</u>	<u>1,989,131</u>
Total fund balance	<u>1,451,415</u>	<u>390,582</u>	<u>147,134</u>	<u>1,989,131</u>
Total liabilities and fund balance	<u>\$ 1,556,945</u>	<u>\$ 390,582</u>	<u>\$ 147,134</u>	<u>\$ 2,094,661</u>

See Notes to Financial Statements

**BRANCH DISTRICT LIBRARY**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO NET POSITION**  
**DECEMBER 31, 2025**

**Total Fund Balance - Governmental Funds** \$ 1,989,131

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and are not reported in the funds:

The cost of the capital assets	1,757,981
Accumulated depreciation	<u>(1,065,386)</u>

Total capital assets not reported in the funds	692,595
--	---------

Long-term liabilities are not due and payable in the current period  
and are not reported in the funds:

Compensated absences	<u>(13,300)</u>
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**Total Net Position - Governmental Activities** \$ 2,668,426

**BRANCH DISTRICT LIBRARY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>General Fund</b>	<b>Special Revenue Trust Fund</b>	<b>Permanent Trust Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 2,223,432	\$ -	\$ -	\$ 2,223,432
State aid	53,106	-	-	53,106
Interest earned	37,177	7,097	-	44,274
Penal fines	122,117	-	-	122,117
Charges for services	17,272	-	-	17,272
Donations	-	67,611	-	67,611
Reimbursements	59,079	-	-	59,079
Other revenue	7,847	-	-	7,847
Total revenues	2,520,030	74,708	-	2,594,738
<b>EXPENDITURES</b>				
Cultural	2,606,728	-	-	2,606,728
Capital outlay	-	-	-	-
Total expenditures	2,606,728	-	-	2,606,728
Excess (deficiency) of revenues over expenditures	(86,698)	74,708	-	(11,990)
<b>OTHER SOURCES (USES)</b>				
Transfers from (to) other funds	49,936	(49,936)	-	-
Excess (deficiency) of revenues over expenditures	(36,762)	24,772	-	(11,990)
<b>FUND BALANCE - BEGINNING</b>	1,488,177	365,810	147,134	2,001,121
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,451,415</u>	<u>\$ 390,582</u>	<u>\$ 147,134</u>	<u>\$ 1,989,131</u>

See Notes to Financial Statements

**BRANCH DISTRICT LIBRARY**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

<b>Net change in Fund Balance - Total Governmental Funds</b>	<b>\$ (11,990)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense	(156,686)
Capital outlay	<u>102,649</u>
Total	(54,037)
Decrease in compensated absences are reported as a decrease to expenditures	<u>700</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (65,327)</u></u></b>

**BRANCH DISTRICT LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Branch District Library conform to generally accepted accounting principles of the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

**REPORTING ENTITY:**

The Library was formed during 1991 under P.A. 24 and began operations as a separate entity on January 1, 1992. Previously, the Library was a component unit of the County of Branch. The Library operates under an appointed board of seven members and provides library services to the residents of Branch County. The 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. These criteria include oversight responsibility, scope of public service and special financing relationships.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements, the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Library's government-wide activities are considered governmental activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library first utilizes restricted resources to finance qualifying activities.

## BRANCH DISTRICT LIBRARY

### NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:**

**Governmental-Wide Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State shared revenues.

**Fund-based Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is 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 and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State shared revenues, intergovernmental grants, charges for services and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received.

**BRANCH DISTRICT LIBRARY**

**NOTES TO FINANCIAL STATEMENTS – Continued  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**BASIS OF PRESENTATION:**

**MAJOR GOVERNMENTAL FUNDS**

**General Fund** is the general operating fund of the Library. It is used to account for all the Library's financial resources not required to be accounted for in another fund.

**Special Revenue Trust Fund** is used to account for donations received and expended for Library purposes.

**Permanent Trust Fund** is used to account for the assets held by the Library in a trustee capacity for donations. The principal portion must remain intact, but the earnings may be used to achieve the objectives of the donor.

**ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS AND NET POSITION:**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at cost, which approximates fair market value. Pooled investment income is generally allocated to each fund using a weighted average.

**Capital Assets** – Capital assets, which include equipment, furniture and fixtures, and books, are reported in the applicable governmental activity's column in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Library has recorded current assets deemed to have future value. The Library determined there was no future value in assets not capitalized in past years.

Equipment, furniture and fixtures, and books are depreciated using the straight-line method over the following useful lives:

Leasehold improvements	15-20 Years
Machinery and equipment	5-15 Years
Furniture and fixtures	7-10 Years
Books	3-5 Years

## BRANCH DISTRICT LIBRARY

### NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND NET POSITION - Continued:

**Deferred Outflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library does not have anything that qualifies for reporting in this category.

**Deferred Inflows of Resources** – In addition to liabilities, 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 and so will not be recognized as an inflow of resources (revenue) until that time, including property tax revenues received which are intended to finance the subsequent year.

**Compensated Absences** - As of December 31, 2025, the Library was liable for compensated absences of unused vacation and sick pay for approximately \$13,300. Vacation and sick pay are earned, accumulated and paid on termination based upon the personnel policies governing the various employees.

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

**Net Position** - Net position of the Library is classified in three components. Net investment in capital assets – net of related debt consist of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for specified purposes. Nonexpendable restricted net position has been restricted by donors to be maintained perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption** - The Library will sometimes 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 fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## BRANCH DISTRICT LIBRARY

### NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND NET POSITION - Continued:

**Fund Balance Flow Assumptions** - The Library will sometimes 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. Furthermore, 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** – The Library implemented GASB statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable fund balance** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

**Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

**Committed fund balance** – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

**Assigned fund balance** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**Unassigned fund balance** – amounts that are available for any purpose; positive amounts are reported only in the general fund.

## **BRANCH DISTRICT LIBRARY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Fund Balance – Continued:**

The Library establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Library's Board through adoption or amendment of the budget as intended for specific purpose. The Library would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

##### **BASIS OF BUDGETING:**

The Library adopted their annual budgets based on the modified accrual method of accounting. Expenditures were estimated by line-item basis, but approved on an activity basis. The Library included an estimated beginning fund balance within the approved budgets. The budgets can only be amended by the Board. Such amendments are reflected in the official minutes of the Board, and are not made after year end as dictated by law. No revisions were made to the budgets during the year.

In the other supplemental information, the Library has provided line-item detail for the General Fund for informational purposes only.

##### **ENCUMBRANCE ACCOUNTING:**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end may be reappropriated in the next year. No reservation of fund balance equal to outstanding encumbrances at year end is required.

##### **USE OF ESTIMATES:**

The Library uses estimates and assumptions in the preparation of the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenditures.

##### **SUBSEQUENT EVENTS:**

The Library evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through the auditors' opinion date.

## BRANCH DISTRICT LIBRARY

### NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025

#### NOTE B - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Library has designated financial institutions for the deposit of Library funds and has authorized the investment in certificates of deposit. The accounts maintained are checking, savings and certificates of deposit and are in accordance with statutory authority. The interest rates of the checking and savings accounts are at variable daily rates. The deposit accounts and certificates of deposit are currently earning interest rates of .60% to 4.55%.

Investments consist of certificate of deposits with an original maturity date of greater than three months. The investments are carried at cost which approximates market value.

**Interest rate risk** – In accordance with its investment policy, the Library will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Library's cash requirements.

**Credit risk** – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). The Library does not allow direct investment in commercial paper or corporate bonds.

**Concentration of credit risk** – The Library will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Library's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

## **BRANCH DISTRICT LIBRARY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025**

#### **NOTE B - DEPOSITS AND INVESTMENTS - Continued**

**Custodial credit risk for deposits** – In the case of deposits, this is the risk that in the event of a financial institution failure, the Library’s deposits may not be recovered. As of December 31, 2025, \$1,835,037 of the Library’s bank balance of \$2,085,037 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk for investments** – For an investment, this 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.

The Library will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Library will do business.

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

#### **NOTE C – DUE FROM COUNTY**

As of December 31, 2025, the Library has amounts due from the County of Branch in the amount of \$48,944 for penal fines.

**BRANCH DISTRICT LIBRARY****NOTES TO FINANCIAL STATEMENTS – Continued  
FOR THE YEAR ENDED DECEMBER 31, 2025****NOTE D – CAPITAL ASSETS**

Capital asset activity of the Branch District Library’s governmental activities was as follows:

**GOVERNMENTAL ACTIVITIES**

	<b>Balance January 1, 2025</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance December 31, 2025</b>
<b>GROUP:</b>				
Books	\$ 558,034	\$ 102,649	\$ 76,895	\$ 583,788
Machinery and equipment	1,072,479	-	-	1,072,479
Leasehold improvements	101,714	-	-	101,714
Subtotal	1,732,227	102,649	76,895	1,757,981
<b>ACCUMULATED DEPRECIATION:</b>				
Books	315,006	97,952	76,895	336,063
Machinery and equipment	612,870	51,953	-	664,823
Leasehold improvements	57,719	6,781	-	64,500
Total accumulated depreciation	985,595	156,686	76,895	1,065,386
Net capital assets	<u>\$ 746,632</u>	<u>\$ (54,037)</u>	<u>\$ -</u>	<u>\$ 692,595</u>

Depreciation expense was charged to cultural activities of the Library in the amount of \$156,686.

**BRANCH DISTRICT LIBRARY**

**NOTES TO FINANCIAL STATEMENTS – Continued  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE E – LONG-TERM DEBT**

	<u>Balance January 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2025</u>
Governmental Activities:				
Compensated Absences	\$ 14,000	\$ -	\$ 700	\$ 13,300

Interest expense for the year ended December 31, 2025 was \$0 for Government-type Activities.

**NOTE F – RESTRICTED FUND BALANCE**

The detail of the restricted fund balances presented in Governmental Funds are as follows:

Restricted:

Special Revenue Trust Fund:

E. Dallen Memorial	\$ 75
G. Barnett Memorial	20,348
A. Barnett Memorial	34,970
Union City facilities	31,592
D. Shamulus Memorial	13,682
K. Uhle Memorial	215
Fisher Memorial	9,705
J. Morton Memorial	<u>5,083</u>

Total Special Revenue Trust Fund restricted fund balance	115,670
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Permanent Trust Fund:

M. Semmelroth Memorial	50,000
E. Dallen Memorial	2,000
K. Uhle Memorial	5,000
G. Barnett Memorial	<u>90,134</u>

Total Permanent Trust Fund restricted fund balance	<u>147,134</u>
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Total restricted fund balance	<u><u>\$ 262,804</u></u>
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## **BRANCH DISTRICT LIBRARY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED DECEMBER 31, 2025**

#### **NOTE G – TAXES**

The Library's property taxes are levied each December 1. Taxes are collected by the local governmental units within Branch County and are remitted to County of Branch, which in turn remits them to the Library.

The 2025 tax rate was 1.1 mills.

Personal property taxes are accounted for as revenue as received, therefore, no provision for uncollectible personal property taxes has been made in these financial statements.

#### **NOTE H – LEASE AGREEMENT**

The Library leases its facilities from the City of Coldwater. The initial term of the lease is for twenty-five years, with rent in the amount of \$1 per year.

#### **NOTE I – DEFERRED COMPENSATION PLANS**

The Library offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all Library employees, permits them to defer a portion of their salary until future years. The deferred compensation is generally not available to the employees until termination, retirement, death or unforeseeable emergency.

The Library funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments approved by the plan's committee.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are, held in trust for the exclusive benefit of the participating employees and are not assessable by the Library or its creditors.

The Library has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Library has established Money Purchase Plan for the Library Director, Assistant Director and Director of Public Services. The plan calls for contributions on the Director's behalf and contains no requirements for matching contributions from the participants. The Library contribution for the year ended December 31, 2025 amounted to \$7,500 and is recorded in the General Fund.

**BRANCH DISTRICT LIBRARY**

**NOTES TO FINANCIAL STATEMENTS – Continued  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE J – RISK MANAGEMENT**

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Library has purchased commercial insurance for the coverage of the above discussed events.

**BRANCH DISTRICT LIBRARY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>REVENUES</b>			
Taxes	\$2,234,000	\$2,234,000	\$2,223,432
State aid	47,000	47,000	53,106
Interest earned	30,000	30,000	37,177
Penal fines	114,000	114,000	122,117
Charges for services	16,000	16,000	17,272
Reimbursements	44,000	44,000	59,079
Other revenue	15,000	15,000	7,847
	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,520,030</u>
<b>EXPENDITURES</b>			
Cultural	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,606,728</u>
Excess (deficiency) of revenues over expenditures	(175,000)	(175,000)	(86,698)
<b>OTHER SOURCES (USES)</b>			
Transfers from (to) other funds	<u>40,700</u>	<u>40,700</u>	<u>49,936</u>
Excess (deficiency) of revenues over expenditures	(134,300)	(134,300)	(36,762)
<b>FUND BALANCE - BEGINNING</b>	<u>1,481,533</u>	<u>1,481,533</u>	<u>1,488,177</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$1,347,233</u></u>	<u><u>\$1,347,233</u></u>	<u><u>\$1,451,415</u></u>

**BRANCH DISTRICT LIBRARY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SPECIAL REVENUE TRUST FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>REVENUES</b>			
Interest earned	\$ 5,000	\$ 5,000	\$ 7,097
Donations	25,000	25,000	67,611
	<hr/>	<hr/>	<hr/>
Total revenues	30,000	30,000	74,708
<b>EXPENDITURES</b>			
Cultural	-	-	-
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	30,000	30,000	74,708
<b>OTHER SOURCES AND (USES)</b>			
Transfers from (to) other funds	(40,700)	(40,700)	(49,936)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures and other uses	(10,700)	(10,700)	24,772
<b>FUND BALANCE - BEGINNING</b>	<hr/>	<hr/>	<hr/>
	333,603	333,603	365,810
<b>FUND BALANCE - ENDING</b>	<hr/>	<hr/>	<hr/>
	\$ 322,903	\$ 322,903	\$ 390,582
	<hr/>	<hr/>	<hr/>

**BRANCH DISTRICT LIBRARY**  
**OTHER SUPPLEMENTAL INFORMATION**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

<b>CULTURAL</b>	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Salaries	\$1,367,000	\$ 1,320,202	\$ (46,798)
Payroll taxes	105,000	101,192	(3,808)
Other benefits	11,000	11,109	109
Health insurance	243,000	243,108	108
Training and travel	28,000	17,633	(10,367)
Education reimbursement	3,000	3,086	86
Board per diem	3,000	2,280	(720)
Physical materials	132,000	123,448	(8,552)
Digital materials	47,000	40,850	(6,150)
Materials preparation	17,000	17,372	372
Programming	53,000	65,223	12,223
Rent	6,000	4,195	(1,805)
Utilities	79,000	73,684	(5,316)
Upkeep	275,000	299,020	24,020
Technology	55,000	56,631	1,631
Equipment maintenance	27,000	17,940	(9,060)
Office supplies	45,000	43,145	(1,855)
Consulting services	56,000	47,832	(8,168)
Licensing	55,000	50,829	(4,171)
Insurance	39,000	33,457	(5,543)
Memberships	28,000	29,084	1,084
Other expenditures	1,000	5,408	4,408
<b>Total Cultural expenditures</b>	<b>\$2,675,000</b>	<b>\$ 2,606,728</b>	<b>\$ (68,272)</b>