



April 18, 2020

To: Plymouth District Library Board

From: Carol Souchock, Plymouth District Library Director

Robyn Lowenstein, Plymouth District Library HR and Business Administrator

Re: 2019 Audit

Please see the attached 2019 library audit and a supportive letter from our auditors. Robyn and I will be speaking briefly about the audit this month and Rana Emmons, our auditor, will provide a full audit presentation to you next month.

The good news is that our revenues came in higher than budgeted and our expenses came in lower than budgeted. You can see this in the General Fund statement on page 38. In our 2019 budget we had planned to use \$581,537 of fund balance predominately for capital purchases and to offset PPT (Personal Property Tax) loss but only used \$82,524.

Revenues came in higher than expected predominately due to the State of Michigan PPT refund and property taxes. Expenditures are lower than projected in salaries and benefits due to unfilled positions.

As a result our fund balance is higher than expected. Our fund balance at the end of FY 2019 was \$3,204,994 which is 82 % of our 2020 budget. Please review the fund balance information in the balance sheet on page 11.

Our fund balance for this year is allocated as follows:

Equipment Reserve: \$1,069,965

This account would be used to replace equipment, including technology, in the future. This account is determined by an ongoing inventory of equipment.

Furniture Reserve: \$100,000

This account will be used to replace furniture in the future and the amount in this account is determined by the board and based on management's proposed long term capital plan. The funds currently available in this account will not cover all the expected furniture needs in the next ten years.

Facility Reserve: \$1,000,000

This account is to be used to replace large facility related items such as the elevator, windows, carpeting and lighting. The first three of these facility components should be considered for replacement in the next three - five years. The funds currently available in this account will not cover all the expected building needs in the next few years. This account will also be used for our current HVAC project. The amount in this account is determined by the board and based on management's proposed long term building reserve and capital plan.

Unassigned: \$884,695

The amount is determined by the fund balance that is not currently assigned to other needs.

The board will be asked to designate each of these fund balances again before we complete our 2021 budget in the fall.

The director will provide an updated 20 year building reserve and capital plan to assist in this process. This building reserve and capital plan will include estimated costs for the replacement of building components.

The audit also shows improvement on the library's net **pension liability** which was \$1,197,058 at year end 2019. We are making progress on this liability due to increased annual contributions to the plan. Please review our pension details for the last five years on page 39.