

**BUCHANAN DISTRICT LIBRARY**

**FINANCIAL REPORT**

**June 30, 2009**

**BUCHANAN DISTRICT LIBRARY**

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## Management's Discussion and Analysis

### **Basic Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. In the Basic Financial Statements information is included that presents two different views of the Buchanan District Library:

- The first column of the financial statement includes information on Buchanan District Library's General Fund under the modified accrual method. These Fund Financial Statements focus on current financial resources and provide a more detailed view about the accountability of Buchanan District Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statement to the government-wide financial statements under the full-accrual method. (see Note 2)
- The Statement of Governmental Revenue, Expenditures and Changes in Fund Balance and Statement of Activities columns provide both long-term and short-term information about Buchanan District Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of Buchanan District Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.
- The Basic Financial Statements also include Notes that explain some of the information in the financial statements and provide more detailed data.

The Required Supplementary Information section follows the Basic Financial Statements and further explains and supports the information in the financial statements.

## Condensed Financial Information

The following financial information contains comparative information from the previous fiscal year in compliance with GASB 34.

	<u>2007/2008</u>	<u>2008/2009</u>
Current assets	\$ 222,687	\$ 244,712
Capital assets	<u>872,113</u>	<u>831,264</u>
Total assets	<u>\$1,094,800</u>	<u>\$1,075,976</u>
Long-term debt	\$ 344,117	\$ 277,830
Other liabilities	<u>79,928</u>	<u>91,547</u>
Total liabilities	<u>\$ 424,045</u>	<u>\$ 369,377</u>
Net assets:		
Invested in capital assets, net of debt	\$ 465,174	\$ 484,764
Unrestricted	<u>205,581</u>	<u>221,835</u>
Total net assets	<u>\$ 670,755</u>	<u>\$ 706,599</u>
Revenue:		
Property taxes	\$ 297,332	\$ 313,264
Other	<u>154,330</u>	<u>146,886</u>
Total revenue	<u>\$ 451,662</u>	<u>\$ 460,150</u>
Expenses:		
Library services	\$ 375,808	\$ 420,361
Loss on disposal of asset	<u>-</u>	<u>3,945</u>
Total expenses	<u>\$ 375,808</u>	<u>\$ 424,306</u>
Change in net assets	<u>\$ 75,854</u>	<u>\$ 35,844</u>

### **Buchanan District Library as a Whole**

- Buchanan District Library's net assets increased by \$35,844 this year. Revenue increased very slightly by 1.88% this year and expenses increased by 12.9% making the net change in assets significantly smaller than last year, down by 52.8%. Though this is a dramatic change from the previous year, given the economic climate the library is satisfied to not show any net loss this year.
- Buchanan District Library's primary source of revenue is from property taxes, which represent 68% of total revenue. The second most important source of revenue comes from Library fines (including penal fines) which comprise 21% of total revenue. Penal fines are unpredictable and vary depending on police activity and court costs. This year penal fines were up only slightly, 2.9%. Interest income is down severely and reflects the general economic downturn rather than poor library financial practices; it is down nearly 50%.
- Personnel expenses are a significant cost to Buchanan District Library, representing 54% of total expenditures. This is up two percentage points from the previous year and represents additional hours for special projects and a modest salary increase.
- Depreciation expense represents 20% of Buchanan District Library's total expenditures due to compliance with the GASB34 standards.
- Debt service interest is 4.2% of total expenditure. Please see the schedule of future principal and interest payments in Note 6 of future payment amounts.

### **Buchanan District Library's Fund**

An analysis of Buchanan District Library's major fund is included in the Financial Statements in the first column of the respective statements. The fund column provides detailed information about the most significant fund – not the library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities, such as special property tax millages. The Library's major fund consists solely of the General Fund.

The fund balance of the General Fund is \$231,915 which is an increase \$18,731. Personnel expenses are the largest use of resources for this fiscal year. This reflects the fact that Buchanan District Library is a service industry that relies on its staff to fulfill the mission of the organization.

## **Library Budgetary Highlights**

The 2008/2009 fiscal year delivered several budget challenges. Unexpected expenses were due to structural repairs to the parking lot, new external lighting, a basement water leak and storm damage to an electronic component of the HVAC system as well as heavier than usual costs for snow removal and heating this winter. Some upgrades were completed, the parking lot was sealed, striped and new handicap spaces and signs which met the ADA requirements were installed and better signage was added for hours of library operation. The bike rack which is heavily used was repaired free of charge by a community volunteer.

Programming continued to increase significantly with additional offerings to all segments of our patrons. The addition of a community-wide Halloween party allowed us to serve over 200 children and parents in fun, safe venue with games, entertainment and snacks. We have further expanded our partnership with area schools with on-site visits to each of the five school locations throughout the year. In an effort to increase male readership the library in conjunction with one of the local elementary schools hosted a “Guys Night Out”. Several sessions of computer instruction classes were offered to seniors. This is in addition to the continuation of teen and school age programming begun last year. These all contribute to greater expenditures on public relations.

Personnel costs rose slightly and reflect additional hours for special projects managing the local history collection and in collection maintenance as well as most pay increases. In an effort to manage costs better, staff has been doing online training and one day of in-service training was done on-site for staff. This allowed those needing CEUs to maintain a state certification to acquire them at a much reduced cost to the library and no travel/accommodation costs. The cost cutting measures have increased the quality of service during hours of operation this summer as they allow for better staffing when the library is open. This summer the library also participated in the YouthWorks/MichiganWorks program that provided 3 high school students for 27 hours of work per week for 6 weeks at no cost to the library. They ran many of the summer reading activities. This additional staff freed the regular staff to concentrate on patron services.

Significant investments to technology were made with the addition of a projector which will allow staff and patrons to make group presentations in PowerPoint. Also movies may now be shown to a larger audience and can become more of a staple program offering.

Given the current economic crisis the library has seen a significant drop in interest income and a slight drop in donations. Property taxes were slightly above the original budget projections; the impact of area foreclosures and the slow housing market may affect those amounts in the coming year. Penal fines were up nominally and that trend appears to be continuing. The Michigan Community Gateway Foundation (MCGF) has suffered considerably in the current market and the funds available in the designated library funds are down slightly for the current calendar year. Direct state aid was down slightly and with the current budget negotiations it is difficult to know

what the coming year will bring and under what state agency libraries will fall. The Library Board amended the budget in June and this addressed the unanticipated building expenses, the purchase of new patron cards and increased public relations costs as well as the addition of some MCGF monies.

### **Capital Assets and Debt Administration**

At the end of the fiscal year, Buchanan District Library had \$1,205,002 invested in land, building, furniture and equipment, and books and materials (\$831,264 after depreciation).

Buchanan District Library's debt rating is excellent. Bonded indebtedness for Buchanan District Library totaled \$295,000 at June 30, 2009. Installment loan payments were paid as budgeted. The remaining debt of \$49,119 will be paid over two years remaining. Total debt, including compensated absences, amounts to \$354,199.

### **Future Operating Plans**

The Department of History, Arts and Libraries was officially disbanded by Michigan's governor. No concrete plan has yet been instituted to direct what support libraries can expect state-wide and whether federal matching funds will continue. Without those federal funds libraries state-wide may lose access to databases and interlibrary loan services. This will impact our patrons greatly. We have to reevaluate our collection policy or work more closely with area libraries to continue current service levels.

The national economic troubles may greatly affect library funding if property taxes are capped or are reduced significantly by foreclosures. The treasurers of our funding municipalities have assured us that they feel that will not happen over the coming year though. Given these circumstances we have been especially conservative in our budget for the coming year. Income estimates have not been increased over 2008/2009 levels and personnel costs have been held down as possible. The staff has been reduced by 2 part-time employees and those hours will only be partially replaced; summer hours were cut by 8 hours. Further cuts in hours to conserve personnel costs as well as fuel costs are under consideration.

The Library will need to put the operating millage renewal to a vote in 2010. Plans are underway to organize the millage committee. The Board is confident this millage will pass. Reduction of debt continues to be a goal on the Buchanan District Library Board. The Board remains interested in utilizing the second floor of the building especially if this would increase income and/or reduce expenses but until the millage renewal is passed they will not actively pursue expansion.

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

July 28, 2009

District Library Board  
Buchanan District Library  
Buchanan, Michigan

We have audited the accompanying basic financial statements of the Buchanan District Library as of and for the year ended June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Buchanan District Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Buchanan District Library as of June 30, 2009, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages I through V and the Required Supplemental Information presented on page 11 are not a required part of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain procedures, which consisted principally of inquiries of management, regarding methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Gerbel & Company, P.C.*

**Right. On time.**

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**BUCHANAN DISTRICT LIBRARY**  
**Governmental Fund Balance Sheet**  
**and Statement of Net Assets**  
**June 30, 2009**

	<u>General Fund Modified Accrual Basis</u>	<u>Adjustments Note 2</u>	<u>Statement of Net Assets, Full Accrual Basis</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents - NOTE 4	\$ 240,746	\$ -	\$ 240,746
Accounts receivable	<u>3,966</u>	<u>-</u>	<u>3,966</u>
Total Current Assets	\$ 244,712	\$ -	\$ 244,712
Capital assets - NOTE 5	<u>-</u>	<u>831,264</u>	<u>831,264</u>
TOTAL ASSETS	<u>\$ 244,712</u>	<u>\$ 831,264</u>	<u>\$ 1,075,976</u>
<b>Liabilities</b>			
Current Liabilities:			
Notes and bonds payable, due within one year	\$ -	\$ 66,289	\$ 66,289
Accounts payable and accrued liabilities	12,797	-	12,797
Interest payable	<u>-</u>	<u>2,381</u>	<u>2,381</u>
Total Current Liabilities	<u>\$ 12,797</u>	<u>\$ 68,670</u>	<u>\$ 81,467</u>
Long-term liabilities - NOTE 6:			
Notes and bonds payable, due after one year	\$ -	\$ 277,830	\$ 277,830
Compensated absences	<u>-</u>	<u>10,080</u>	<u>10,080</u>
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ 287,910</u>	<u>\$ 287,910</u>
Total Liabilities	\$ 12,797	\$ 356,580	\$ 369,377
<b>Fund Balances/Net Assets</b>			
Fund balance:			
Unreserved, undesignated	<u>231,915</u>	<u>(231,915)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 244,712</u>	<u>\$ 124,665</u>	<u>\$ 369,377</u>
Net assets:			
Invested in capital assets - net of related debt		\$ 484,764	\$ 484,764
Unrestricted		<u>221,835</u>	<u>221,835</u>
Total Net Assets		<u>\$ 706,599</u>	<u>\$ 706,599</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 831,264</u>	<u>\$ 1,075,976</u>

The accompanying notes are an integral part of these financial statements.

**BUCHANAN DISTRICT LIBRARY**  
**Statement of Governmental Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**Statement of Activities**  
**Year Ended June 30, 2009**

	<u>General Fund</u> <u>Modified</u> <u>Accrual Basis</u>	<u>Adjustments</u> <u>Note 2</u>	<u>Statement of</u> <u>Activities, Full</u> <u>Accrual Basis</u>
<b>Revenue</b>			
Property taxes	\$ 313,264	\$ -	\$ 313,264
Local grants	10,055	-	10,055
Interest income	3,380	-	3,380
State aid	11,981	-	11,981
Penal and library fines	97,615	-	97,615
Contributions from other governmental units	2,000	(1,000)	1,000
Donations	16,016	-	16,016
Other revenue	<u>6,839</u>	<u>-</u>	<u>6,839</u>
 Total Revenue	 <u>\$ 461,150</u>	 <u>\$ (1,000)</u>	 <u>\$ 460,150</u>
 <b>Expenditures</b>			
Personnel	\$ 228,694	\$ 1,478	\$ 230,172
Audiovisual, books, and periodicals	37,390	(37,390)	-
Supplies	8,920	-	8,920
Maintenance and repairs	27,253	-	27,253
Utilities	26,456	-	26,456
Insurance	3,898	-	3,898
Professional fees	8,015	-	8,015
Community promotions	9,243	-	9,243
Depreciation	-	83,487	83,487
Debt service principal	60,135	(60,135)	-
Debt service interest	18,168	(305)	17,863
Miscellaneous	<u>7,757</u>	<u>(2,703)</u>	<u>5,054</u>
 Total Expenditures	 <u>\$ 435,929</u>	 <u>\$ (15,568)</u>	 <u>\$ 420,361</u>
 Excess of Revenue Over Expenditures	 <u>\$ 25,221</u>	 <u>\$ 14,568</u>	 <u>\$ 39,789</u>
 <b>Other Financing Sources (Uses):</b>			
Capital expenditures	(6,490)	\$ 6,490	\$ -
Loss on disposal of assets	<u>-</u>	<u>(3,945)</u>	<u>(3,945)</u>
 Net Change in Fund Balance/Net Assets	 <u>\$ 18,731</u>	 <u>\$ 17,113</u>	 <u>\$ 35,844</u>
 Fund Balance/Net Assets - July 1, 2008	 <u>213,184</u>	 <u>457,571</u>	 <u>670,755</u>
 FUND BALANCE/NET ASSETS - JUNE 30, 2009	 <u><u>\$ 231,915</u></u>	 <u><u>\$ 474,684</u></u>	 <u><u>\$ 706,599</u></u>

The accompanying notes are an integral part of these financial statements.

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Buchanan District Library (The "Library") is located in the City of Buchanan, Michigan, and is governed by an appointed seven-member board. The Library is primarily funded through a tax levy, fines and charitable donations. Revenue is used to operate and staff the Library. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

The accounting policies of Buchanan 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 significant accounting policies:

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major fund).

**C. Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using economic resources measurement focus as the 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.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations.

**D. Fund Financial 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 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, are recorded only when payments are due.

The Library reports only one major governmental fund - the General Fund.

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Financial Statements Amounts**

**Bank Deposits and Investments** - The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Capital Assets** - Capital assets are defined by the Library as assets with an initial cost of more than \$500 and an estimated life of more than one year, and all books are capitalized. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 repair and maintenance are expenses as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	5-10 years
Library books - reference	10 years
Library books - hard cover	5 years
Library books - soft cover	3 years

**Long-term Obligations** - In the government-wide financial statements, long-term debt is reported as long-term liability. In the fund financial statements, the repayment of debt principal is reported as an expenditure.

**Property Tax Revenue** - Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Library's 2008 ad valorem tax is levied and collectible on December 1, 2008 and is recognized as revenue in the year ended June 30, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2008 taxable valuation of the Library totaled \$270.8 million (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which ad valorem taxes consisted of 1.1459 mills for operations and debt service. This resulted in revenue of \$313,264, recognized in the General Fund financial statements as tax revenue.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 2 - RECONCILIATION**

The General Fund's fund balance and the net change in fund balance differ from net assets and change in net assets reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the statement of the General Fund balance sheet and statement of revenue, expenditures, and changes in fund balances. The following is a reconciliation of fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 231,915
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	831,264
Compensated absences are included as a liability	(10,080)
Interest payable is included as a liability	(2,381)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(344,119)</u>
Total Net Assets - Full Accrual Basis	<u>\$ 706,599</u>
Net Change in Fund Balances - Modified Accrual Basis	\$ 18,731
Amounts reported in the statements of activities are different because:	
General Fund reports capital outlay as expenditures in the statement of activities; these costs are allocated over their useful lives as depreciation:	
Library books, material, and equipment	46,583
Depreciation	(83,487)
Loss on disposal of assets	(3,945)
Decrease in revenue due to receipt of an accounts receivable	(1,000)
Decrease in the accrual for long-term compensated absences reported as an expenditure in the statement of activities, but not in the fund financial statements	(1,478)
Decrease in interest expense due to interest payable	305
Principal payments on long-term liabilities is an expenditure on the fund statements	<u>60,135</u>
Change in Net Assets - Full Accrual Basis	<u>\$ 35,844</u>

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 3 - BUDGET INFORMATION**

The annual budget is prepared by the Library Treasurer and adopted by the Library Board; subsequent amendments are approved by the Library Board. Unexpected appropriations lapse at year-end; encumbrance are not included as expenditures.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget had been adopted on a line item basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law. The budget as adopted is presented in the required supplemental information, and includes expenditure budget overruns.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Library incurred expenditures that were in excess of the amounts budgeted, as follows

	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over Budget</b>
Personnel	\$ 224,463	\$ 228,694	\$ 4,231
Supplies	8,875	8,920	45
Maintenance and repairs	26,125	27,253	1,128
Debt payments	78,233	78,303	70
Miscellaneous	7,371	7,757	386

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Deposits - State statute allows for the deposit of funds into financial institutions provided those institutions are a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in the State of Michigan under the laws of Michigan or the United States. The Library's funds were deposited in two financial institutions that meet these requirements. At year-end, the carrying amount of the Library's deposits was \$240,746 and the respective bank balances totaled \$245,328. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$36,387 and the National Credit Union Administration (NCUA) covered \$208,941.

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity of the Library's governmental activities was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2009</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Capital assets being depreciated:				
Building	\$ 839,822	\$ 2,580	\$ -	\$ 842,402
Furniture and equipment	87,371	6,613	14,330	79,654
Library books, periodicals, and videos	<u>276,635</u>	<u>37,390</u>	<u>41,079</u>	<u>272,946</u>
Total Capital Assets Being Depreciated	<u>\$ 1,203,828</u>	<u>\$ 46,583</u>	<u>\$ 55,409</u>	<u>\$ 1,195,002</u>
Total Capital Assets	\$ 1,213,828	\$ 46,583	\$ 55,409	\$ 1,205,002
Less: accumulated depreciation	<u>341,715</u>	<u>83,487</u>	<u>51,464</u>	<u>373,738</u>
NET CAPITAL ASSETS, END OF YEAR	<u>\$ 872,113</u>	<u>\$ (36,904)</u>	<u>\$ 3,945</u>	<u>\$ 831,264</u>

**NOTE 6 - LONG-TERM LIABILITIES**

**Outstanding Debt**

A summary of the debt outstanding of the Library at June 30, 2009, is as follows:

	<u>General Obligation Bonds</u>	<u>Installment Loan</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance - July 1, 2008	\$ 330,000	\$ 74,254	\$ 8,603	\$ 412,857
Reductions	<u>35,000</u>	<u>25,135</u>	<u>(1,477)</u>	<u>58,658</u>
Balance - June 30, 2009	\$ 295,000	\$ 49,119	\$ 10,080	\$ 354,199
Less current portion	<u>40,000</u>	<u>26,289</u>	<u>-</u>	<u>66,289</u>
Total due after one year	<u>\$ 255,000</u>	<u>\$ 22,830</u>	<u>\$ 10,080</u>	<u>\$ 287,910</u>

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 6 - LONG-TERM Liabilities - Continued**

Bonds payable at June 30, 2009 consist of the following:

2001 Debt Issue due in annual installments of \$40,000 to \$45,000 through May 1, 2016; interest varies from 3.9% to 4.9%. \$ 295,000

Loans payable at June 30, 2009 consist of the following:

Chemical Bank loan due in monthly installments of \$2,330 through April 2011; interest on the loan is at 4.49%. \$ 49,119

**Debt Service Requirements**

The annual requirements to service all debt outstanding as of June 30, 2009, (excluding employee benefits), including principal and interest, are as follows:

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>		<b>Total</b>
2010	\$ 66,289	\$ 15,269	\$	81,558
2011	62,830	19,552		82,382
2012	40,000	10,120		50,120
2013	40,000	8,320		48,320
2014	45,000	6,480		51,480
2015-2016	<u>90,000</u>	<u>6,570</u>		<u>96,570</u>
 Total	 <u>\$ 344,119</u>	 <u>\$ 66,311</u>	 <u>\$</u>	 <u>410,430</u>

**Interest**

Interest expense of the Library for the year ended June 30, 2009, approximated \$17,863.

**NOTE 7 - RISK MANAGEMENT**

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for medical benefit claims and property liability. The Library participates in the Michigan Municipal League risk pool for claims relating to worker's compensation and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past fiscal year.

The Michigan League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**BUCHANAN DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 8 - DEFINED BENEFIT RETIREMENT PLAN**

The Library contributes to the Municipal Employees' Retirement System (MERS), a cost-sharing multiple employer defined benefit pension plan. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The system issues a publicly available financial report. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

The obligation to contribute to and maintain the system for these employees was established by a resolution of the Board of Trustees and requires a contribution from the employees of 5 percent of gross wages. The Library's actuarial required contribution is 7.25 percent of gross wages.

The required valuation information has been omitted from these basic financial statements due to the fact that final information is not available. Final information is expected in the upcoming months.

**BUCHANAN DISTRICT LIBRARY**  
**Required Supplemental Information**  
**General Fund - Budgetary Comparison Schedule**  
**Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 311,573	\$ 311,573	\$ 313,264	\$ 1,691
Local grants	12,000	10,055	10,055	-
Interest income	6,000	3,300	3,380	80
State aid	10,159	9,020	11,981	2,961
Penal and library fines	94,000	96,873	97,615	742
Contributions from other governmental units	1,000	1,000	2,000	1,000
Donations	13,500	16,000	16,016	16
Other revenue	<u>7,120</u>	<u>6,350</u>	<u>6,839</u>	<u>489</u>
 Total Revenues	 <u>\$ 455,352</u>	 <u>\$ 454,171</u>	 <u>\$ 461,150</u>	 <u>\$ 6,979</u>
<b>Expenditures</b>				
Personnel	\$ 230,145	\$ 224,463	\$ 228,694	\$ (4,231)
Audiovisual, books, and periodicals	40,000	39,100	37,390	1,710
Supplies	7,125	8,875	8,920	(45)
Maintenance and repairs	18,000	26,125	27,253	(1,128)
Utilities	26,400	27,600	26,456	1,144
Insurance	3,000	3,898	3,898	-
Professional fees	8,600	8,194	8,015	179
Community promotions	5,000	9,900	9,243	657
Debt payments	79,733	78,233	78,303	(70)
Miscellaneous	<u>8,340</u>	<u>7,371</u>	<u>7,757</u>	<u>(386)</u>
 Total Expenditures	 <u>\$ 426,343</u>	 <u>\$ 433,759</u>	 <u>\$ 435,929</u>	 <u>\$ (2,170)</u>
 Excess of Revenue Over Expenditures	 <u>\$ 29,009</u>	 <u>\$ 20,412</u>	 <u>\$ 25,221</u>	 <u>\$ 4,809</u>
<b>Other Financing Sources (Uses):</b>				
Capital expenditures	<u>(1,200)</u>	<u>(6,640)</u>	<u>(6,490)</u>	<u>150</u>
 Net Change in Fund Balance	 <u>\$ 27,809</u>	 <u>\$ 13,772</u>	 <u>\$ 18,731</u>	 <u>\$ 4,959</u>
 Fund Balance, July 1, 2008	 <u>213,184</u>	 <u>213,184</u>	 <u>213,184</u>	 <u>-</u>
 FUND BALANCE, JUNE 30, 2009	 <u><u>\$ 240,993</u></u>	 <u><u>\$ 226,956</u></u>	 <u><u>\$ 231,915</u></u>	 <u><u>\$ 4,959</u></u>