BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

BRIGHTON DISTRICT LIBRARY

Brighton, Michigan

FINANCIAL REPORT

WITH SUPPLEMENTAL INFORMATION

PREPARED IN ACCORDANCE WITH GASB 34

November 30, 2006

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
DISTRICT LIBRARY ☐County ☐City ☐Twp ☐Village ☒Other	BRIGHTON DISTRICT LIBRARY	LIVINGSTON

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
11/30/06	2/26/07	MARCH 19, 2007

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	**Check each applicable box below**. (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☐	☒	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number		
BUSS & COMPANY, P.C.	586-263-8200		
Street Address	**City**	**State**	**Zip**
42550 GARFIELD, SUITE 105	CLINTON TWP	MI	48038

Authorizing CPA Signature	Printed Name	License Number
	JOHN E. GIDEON	1101007016

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
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BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

INDEPENDENT AUDITOR'S REPORT

February 26, 2007

To the Board of Trustees
Brighton District Library
Brighton, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Brighton District Library as of and for the year ended November 30, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Brighton District Library's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Brighton District Library as of November 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedule on pages 3 through 4 and page 18, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Brighton District Library's basic financial statements. The other supplemental information is for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

BUSS & COMPANY, P.C.

Buss & Company, P.C.

Certified Public Accountants

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Using this Annual Report

This annual report consists of four parts - *Management's discussion and analysis* (this section), the *basic financial statements, required supplemental information, and other supplemental information*. The basic financial statements include information that presents two different views of the Library:

- The *government-wide financial statements* provide both *long-term* and *short-term* information about the Library's *overall* financial status. The statement of net assets and the statement of activities provide information about the activities of the 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 fund financial statements include information on the Library under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplemental information and other supplemental information* that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below provides key financial information in a condensed format for the current year and prior year.

	2006	2005
Current assets	$ 715,167	$ 818,474
Capital assets	4,340,298	4,338,617
Total Assets	$5,055,465	$5,157,091
Long-term debt	$3,310,000	$3,595,000
Other liabilities	57,555	89,520
Total Liabilities	$3,367,555	$3,684,520
Net Assets:		
Invested in capital assets, net of related debt and accrued interest	$1,005,749	$ 716,978
Restricted for debt service	46,426	52,425
Restricted for capital improvements	219,191	245,839
Unrestricted	416,544	457,329
Total Net Assets	$1,687,910	$1,472,571
Revenue:		
Property taxes	$1,740,489	$1,626,384
Other	321,816	313,072
Total Revenue	$2,062,305	$1,939,456
Expenses - Library services	1,846,965	1,741,399
Change in Net Assets	$ 215,340	$ 198,057

(Continued)

The Library as a Whole

- The Library's net assets increased by $215,340 this year. This reflects that taxpayers, current users, and other supporters of the Library have paid the full cost of operating the Library, even after depreciation and recognition of long-term obligations.
- The Library's primary source of revenue is from property taxes, which represents 84% of total revenue.
- Total expenses were 90% of total revenue for the year ended November 30, 2006. Salaries amount to approximately 47% of total expenditures. Benefits amount to 4% of total expenditures.

The Library's Funds

The Library uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the Library is being accountable for the resources provided and insight into the Library's financial health. An analysis of the Library's funds are included on pages 7 through 9.

In total, the fund balance of the Library decreased during the current year by $73,432.

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendment related to the acquisition of equipment that was originally not in the budget.

Capital Assets

At the end of the fiscal year, the Library had $4,340,298 invested in net capital assets, including building improvements, furniture and equipment, computer equipment, and books and materials. The Library added $256,603 of capital assets consisting of new books, various audio/visual materials, computer equipment and renovations.

Debt

At the end of the year, the Library had $3,310,000 in general obligation bonds outstanding versus $3,595,000 at November 30, 2005. This represents a decrease of 8%.

Economic Factors and Considerations for Next Year

The Library's tax base continues to increase with the growth of the City and Townships. We, however, need to continue to watch our budget very closely. Expenditures that will be especially important in the coming year include health insurance benefits which have shown significant increases in the last few years and employee compensation, because it is such a significant portion of the Library's operating expenses.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Library Director at 100 Library Drive, Brighton, Michigan 48116.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 1

BRIGHTON DISTRICT LIBRARY
BRIGHTON, Michigan
STATEMENT OF NET ASSETS
November 30, 2006

ASSETS		
Cash and cash equivalents		$ 704,829
Due from others		4,295
Prepaid expenses		6,043
Capital assets		4,340,298
Total Assets		$5,055,465
LIABILITIES		
Accounts payable and accrued liabilities		$ 57,555
Bonds payable - Due within one year	$ 305,000	
- Long-term	3,005,000	3,310,000
Total Liabilities		$3,367,555
NET ASSETS		
Invested in capital assets, net of related debt and accrued interest		$1,005,749
Restricted for debt service		46,426
Restricted for capital improvements		219,191
Unrestricted		416,544
Total Net Assets		$1,687,910

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 2

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
STATEMENT OF ACTIVITIES
Year Ended November 30, 2006

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES
FUNCTION/PROGRAM:				
Governmental Activities:				
Library services/operations	$1,846,965	$ 51,937	$ 340	($1,794,688)
GENERAL REVENUES:				
Property taxes				$1,740,489
State revenues and penal fines				163,429
Interest				53,070
Gifts and memorials				52,856
Other miscellaneous				183
Total General Revenues				$2,010,027
CHANGE IN NET ASSETS				$ 215,339
NET ASSETS:				
Beginning of year				1,472,571
End of year				$1,687,910

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 3

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
COMPARATIVE BALANCE SHEETS
GOVERNMENTAL FUNDS
November 30, 2006 and 2005

	GENERAL FUND	DEBT RETIREMENT FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS 2006	TOTAL GOVERNMENTAL FUNDS 2005
ASSETS					
Cash and cash equivalents	$439,212	$ 46,426	$219,191	$704,829	$806,539
Due from others	4,295	-	-	4,295	3,727
Prepaid expenses	6,043	-	-	6,043	8,208
Total Assets	$449,550	$ 46,426	$219,191	$715,167	$818,474
LIABILITIES					
Accounts payable	$ 10,341	$ -	$ -	$ 10,341	$ 10,254
Accrued liabilities	22,665	-	-	22,665	52,627
Total Liabilities	$ 33,006	$ -	$ -	$ 33,006	$ 62,881
FUND BALANCES					
Fund Balances:					
Unreserved:					
Designated for:					
Debt service	$ -	$ 46,426	$ -	$ 46,426	$ 52,425
Capital improvements	-	-	219,191	219,191	245,839
Undesignated	416,544	-	-	416,544	457,329
Total Fund Balances	$416,544	$ 46,426	$219,191	$682,161	$755,593
Total Liabilities and Fund Balances	$449,550	$ 46,426	$219,191	$715,167	$818,474

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 4

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
RECONCILIATION OF FUND BALANCE TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
For The Year Ended November 30, 2006

TOTAL FUND BALANCE - MODIFIED ACCRUAL BASIS		$682,161
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 governmental funds:		
The cost of capital assets is	$6,787,356	
Accumulated depreciation	(2,447,058)	4,340,298
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds payable		(3,310,000)
Accrued interest payable on bonds is not included as a liability in the governmental funds		(24,549)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		$1,687,910

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 5

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Years Ended November 30, 2006 and 2005

	GENERAL	DEBT RETIREMENT	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS 2006	TOTAL GOVERNMENTAL FUNDS 2005
REVENUES:					
Property taxes	$1,312,155	$428,334	$ -	$1,740,489	$1,626,384
Penal fines	135,327	-	-	135,327	151,540
State aid	23,501	-	-	23,501	28,088
Fines and fees	51,937	-	-	51,937	50,639
Interest	31,770	10,800	10,500	53,070	34,066
Revenue sharing	4,601	-	-	4,601	4,601
Friends of the Library	29,039	-	-	29,039	19,304
Grants	340	-	-	340	1,030
Miscellaneous	24,000	-	-	24,000	23,804
Total Revenues	$1,612,670	$439,134	$ 10,500	$2,062,304	$1,939,456
EXPENDITURES:					
Salaries and wages	$ 876,352	$ -	$ -	$ 876,352	$ 838,989
Fringe benefits	70,204	-	-	70,204	66,635
Payroll taxes and other payroll costs	68,873	-	-	68,873	64,531
Staff training and development	12,177	-	-	12,177	11,003
Supplies	31,610	-	-	31,610	21,487
Technology	27,921	-	-	27,921	33,641
Copier supplies and equipment maintenance	13,060	-	-	13,060	14,421
Building expenses	52,768	-	-	52,768	43,567
Contracted services	77,572	-	-	77,572	67,176
Bookmobile expenses	54,557	-	-	54,557	40,278
Communications	7,518	-	-	7,518	7,175
Insurance	15,532	-	-	15,532	15,432
Utilities	72,736	-	-	72,736	64,229
Advertising and public relations	12,133	-	-	12,133	19,632
Friends of the Library	27,744	-	-	27,744	19,305
Miscellaneous	9,935	-	-	9,935	26,822
Program expenditures	2,968	-	-	2,968	3,061
Grant expenditures	340	-	-	340	1,046
Capital outlay	38,673	-	37,148	75,821	-
Collection expenditures	180,782	-	-	180,782	135,715
Debt service:					
Principal and interest	-	444,835	-	444,835	436,495
Fees and other costs	-	298	-	298	301
Total Expenditures	$1,653,455	$445,133	$ 37,148	$2,135,736	$1,930,941
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	($ 40,785)	($ 5,999)	($ 26,648)	($ 73,432)	$ 8,515
FUND BALANCE - DECEMBER 1	457,329	52,425	245,839	755,593	747,078
FUND BALANCE - NOVEMBER 30	$ 416,544	$ 46,426	$219,191	$ 682,161	$ 755,593

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 6

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For The Year Ended November 30, 2006

NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS		($ 73,432)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	($254,922)	
Capital outlay	256,603	1,681
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities		285,000
Accrued interest on bonds is an expenditure in the statement of activities; it is not reported in the governmental funds until paid		2,090
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$215,339

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 7

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
COMPARATIVE STATEMENTS OF NET ASSETS
FIDUCIARY FUNDS
November 30, 2006 and 2005

	2006	2005
ASSETS	$ 678	$ -
LIABILITIES	$ -	$ -
NET ASSETS	$ 678	$ -

See accompanying notes to financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Brighton 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:

A. GOVERNMENTAL REPORTING ENTITY

The Brighton District Library operates under the authority of P.A. 24 of the Michigan P.A. of 1989 as amended. The Library's major support is from property taxes levied in the City of Brighton and the Townships of Brighton, Genoa and Green Oaks. The Library is governed by a seven member appointed Board of Trustees. There are no component units as defined by generally accepted accounting principles that are required to be presented in the financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in four parts - invested in capital assets, net of related debt and accrued interest; restricted for debt service; restricted for capital improvements; and unrestricted net assets.

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

Fund Financial Statements

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 revenue 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 and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

(Continued)

Fund Financial Statements (Continued)

The Library reports the following funds:

Governmental:

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

Debt Retirement Fund - The Debt Retirement Fund is used to account for funds used to repay principal and interest on outstanding debt.

Capital Projects Fund - The Capital Projects Fund is used to account for monies used for the acquisition and improvement of capital assets including equipment and technology.

Fiduciary:

Trust and Agency Fund - The Trust and Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, organizations or other funds. They are custodial in nature and do not involve the measurement of results of operations. $678 of assets of the fund were undistributed as of November 30, 2006.

C. ASSETS, LIABILITIES AND FUND EQUITY

Cash and Investments

The Library is authorized by state statutes to invest surplus funds in U.S. bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investments. During the year ended November 30, 2006, the Library invested in certificates of deposit and money market accounts.

Receivables and Payables

Property taxes are levied on each December 1st on the taxable value of property as of the preceding December 31. Taxes are considered delinquent if not paid by February 28 of the following year.

The 2006 taxable valuation of the Library totals approximately $2.4 billion, on which ad valorem taxes levied consisted of .6693 mills for Library operations and .2185 mills for Library Refunding Bonds, raising $1,312,155 for Library operating purposes and $428,334 for debt retirement. These amounts are recognized in the financial statements as property tax revenue.

(Continued)

C. ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Capital Assets

Capital assets are defined by the Library as assets with an initial cost of more than $1,000 and an estimated useful life in excess of two years. Due to the significance of the Library's annual acquisition of Library books and materials and the shelf life on most materials extended beyond two years, annual acquisitions of books and materials are treated as capitalized assets in order to spread their cost over their estimated useful life. Donated assets are reported 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 repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years - 15% salvage value
Furniture and equipment	10-20 years - 10% salvage value
Improvements	10-20 years
Library books and materials	3-10 years - 10% salvage value
Computer equipment	2-5 years

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS

An annual operating budget on the modified accrual basis of accounting consistent with generally accepted accounting principles is formally adopted for the General Fund. The budget can be amended by approval of the majority of the Board of Trustees. Amendments are presented to the Board at their regular meetings. All annual appropriations lapse at fiscal year end. State law does not require that a budget be adopted for the Debt Retirement Fund.

(Continued)

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The budget of the Library is adopted on a total revenue and expenditure basis. Actual expenditures exceeded budgeted expenditures for the year ended November 30, 2006 by $999. Refer to Schedule No. 1 for details.

III. DETAILED NOTES

A. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at cost plus accrued interest which approximates fair value.

At year end, the Library's deposits and investments were reported in the basic financial statements in the following categories:

Deposits (Checking accounts, savings accounts, certificates of deposit and money market accounts)	$704,829
Investments in securities, mutual funds and similar vehicles	$ -

Credit Risk - The Library's investments are limited by state statues. The Library has no investment policy that would further limit its investment choices.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of November 30, 2006, $277,836 of the Library's bank balance of $718,742 was exposed to custodial risk as follows:

DEPOSITS	INSURED (FDIC)	UNINSURED AND UNCOLLATERALIZED	CARRYING AMOUNT	BANK BALANCE
Demand Deposits	$ 62,863	$ -	$ 49,629	$ 62,863
Money Market Funds	78,043	57,201	135,244	135,244
Certificates of Deposit	300,000	220,635	520,635	520,635
	$440,906	$277,836	$705,508	$718,742

(Continued)

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
November 30, 2006

B. CAPITAL ASSETS

Capital asset activity of the Library was as follows:

	BALANCE DECEMBER 1, 2005	ADDITIONS	DISPOSALS AND ADJUSTMENTS	BALANCE NOVEMBER 30, 2006
Assets not being depreciated:				
Land	$ 540,000	$ -	$ -	$ 540,000
Capital assets being depreciated:				
Buildings and improvements	$3,423,424	$ -	$ -	$3,423,424
Furniture and equipment	659,088	37,148	-	696,236
Computer equipment	226,468	38,673	-	265,141
Library collection	1,681,773	180,782	-	1,862,555
Subtotal	$5,990,753	$256,603	$ -	$6,247,356
Accumulated depreciation:				
Buildings and improvements	$ 543,212	$ 58,386	$ -	$ 601,598
Furniture and equipment	339,276	40,660	-	379,936
Computer equipment	216,850	11,615	-	228,465
Library collection	1,092,798	144,261	-	1,237,059
Subtotal	$2,192,136	$254,922	$ -	$2,447,058
Net capital assets being depreciated	$3,798,617	$ 1,681	$ -	$3,800,298
Net Capital Assets	$4,338,617	$ 1,681	$ -	$4,340,298

C. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended November 30, 2006:

	BALANCE 12/1/05	ADDITIONS	REDUCTIONS	BALANCE 11/30/06	DUE IN ONE YEAR
Bonds payable	$3,595,000	$ -	$285,000	$3,310,000	$305,000

(Continued)

C. **LONG-TERM LIABILITIES** (Continued)

Bonds Payable

Bonds payable consists of the 1998 Refunding Bonds totalling $3,310,000, due in annual installments ranging from $305,000 to $425,000. The interest rate on the bonds is 4.45%. Interest is payable semi-annually on April 1 and October 1.

The annual debt service requirements, including principal and interest, are as follows:

YEAR ENDED NOVEMBER 30	AMOUNT
2007	$ 452,294
2008	458,722
2009	454,260
2010	454,352
Thereafter	2,268,228
	$4,087,856

IV. RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workers' compensation benefits provided to employees. The Library has purchased commercial insurance to cover potential claims.

V. DEFERRED COMPENSATION PLAN

The Library has adopted a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Library's financial statements.

VI. PRIOR-PERIOD COMPARATIVE FINANCIAL INFORMATION

The fund financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended November 30, 2005, from which the summarized information was derived.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTAL INFORMATION

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Schedule No. 1

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended November 30, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES:				
Property taxes	$1,307,106	$1,307,106	$1,312,155	$ 5,049
Penal fines	144,631	135,326	135,327	1
State aid	28,294	28,294	23,501	(4,793)
Fines and fees	51,980	51,980	51,937	(43)
Interest	16,500	31,500	31,770	270
Revenue sharing	4,462	4,462	4,601	139
Friends of the Library	25,000	30,000	29,039	(961)
Grants	-	340	340	-
Miscellaneous	8,100	8,100	24,000	15,900
Total Revenues	$1,586,073	$1,597,108	$1,612,670	$ 15,562
EXPENDITURES:				
Salaries and wages	$ 877,853	$ 877,853	$ 876,352	$ 1,501
Fringe benefits	78,350	73,350	72,388	962
Payroll taxes and other payroll costs	69,919	69,919	68,873	1,046
Staff training and development	12,700	10,538	9,993	545
Supplies	24,573	32,573	31,610	963
Technology	43,943	43,983	43,981	2
Copier supplies and equipment maintenance	12,150	13,650	13,060	590
Building expenses	49,695	53,195	52,768	427
Contracted services	79,250	62,250	58,932	3,318
Bookmobile expenses	55,348	60,348	59,641	707
Communications	7,600	7,600	7,518	82
Insurance	18,660	15,660	15,532	128
Utilities	74,580	74,580	72,736	1,844
Advertising and public relations	23,300	12,800	12,133	667
Friends of the Library expenditures	25,000	30,000	29,040	960
Miscellaneous	21,600	15,600	28,079	(12,479)
Program expenditures	3,100	3,100	2,968	132
Grant expenditures	-	340	340	-
Collection expenditures	163,800	173,800	176,194	(2,394)
Capital outlay	-	21,317	21,317	-
Total Expenditures	$1,641,421	$1,652,456	$1,653,455	($ 999)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	($ 55,348)	($ 55,348)	($ 40,785)	$ 14,563

See accompanying notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
SCHEDULE OF BONDS PAYABLE
November 30, 2006

1998 REFUNDING BONDS DATED AUGUST 1, 1998
(Interest Due Semi-Annually, April 1 and October 1)

INTEREST RATE	MATURITY DATE OCTOBER 1	AMOUNT MATURING ANNUALLY
4.45%	2007	$ 305,000
4.45%	2008	325,000
4.45%	2009	335,000
4.45%	2010	350,000
4.45%	2011	365,000
4.45%	2012	385,000
4.45%	2013	400,000
4.45%	2014	420,000
4.45%	2015	425,000
	Principal Outstanding at November 30, 2006	$3,310,000

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Schedule 3

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
SCHEDULE OF BOND INDEBTEDNESS
(PRINCIPAL AND INTEREST)
November 30, 2006

1998 REFUNDING BONDS DATED AUGUST 1, 1998
(Interest Due Semi-Annually April 1 and October 1)

YEAR ENDED NOVEMBER 30	INTEREST DUE APRIL 1	INTEREST DUE OCTOBER 1	PRINCIPAL DUE OCTOBER 1	TOTAL PRINCIPAL AND INTEREST
2007	$ 73,647	$ 73,647	$ 305,000	$ 452,294
2008	66,861	66,861	325,000	458,722
2009	59,630	59,630	335,000	454,260
2010	52,176	52,176	350,000	454,352
2011	44,389	44,389	365,000	453,778
2012	36,267	36,267	385,000	457,534
2013	27,701	27,701	400,000	455,402
2014	18,801	18,801	420,000	457,602
2015	9,456	9,456	425,000	443,912
	$388,928	$388,928	$3,310,000	$4,087,856

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Schedule 4

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
SCHEDULE OF COLLECTION EXPENDITURES
For The Year Ended November 30, 2006

GENERAL FUND

ADULT COLLECTION:	
Audio	$ 22,940
Videos	9,628
Music CD's	4,663
Books - Fiction	14,763
Books - Non-fiction	21,396
Periodicals	8,907
Large print	1,488
Reference	8,030
Professional collection	987
Continuations	15,436
Brighton Room	1,335
YOUTH COLLECTION:	
Audio	3,774
CD-ROMs	1,685
Videos	5,096
Books - Young Adult	12,835
Books - Children	20,472
Reference	2,049
Periodicals	1,663
Miscellaneous	407
BOOKMOBILE COLLECTION	5,084
DONATED MATERIALS	18,144
Totals	$180,782

BUSS & COMPANY, P.C.

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MEMBERS
The American Institute of Certified Public Accountants

The Michigan Association of Certified Public Accountants

February 26, 2007

To the Library Board
Brighton District Library
Brighton, Michigan

Re: Comments and recommendations in conjunction with annual audit for the period ended November 30, 2006

Board Members:

We have audited the financial statements of Brighton District Library for the period ended November 30, 2006. Included within the purview of the audit is the requirement under Public Act 2, P.A. of 1968, as amended, that we review current internal controls and procedures and report on the results of comments and recommendations of the prior year.

There are no current year recommendations.

Yours truly,

BUSS & COMPANY, P.C.

Buss & Company, PC

Certified Public Accountants

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