

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, 2007

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 DISTRICT LIBRARY		Local Unit Name		County		
<input type="checkbox"/> County	<input type="checkbox"/> City	<input type="checkbox"/> Twp	<input type="checkbox"/> Village	<input checked="" type="checkbox"/> Other	BRIGHTON DISTRICT LIBRARY	LIVINGSTON
Fiscal Year End 11/30/07		Opinion Date 3/15/08		Date Audit Report Submitted to State MAY 1, 2008		

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).

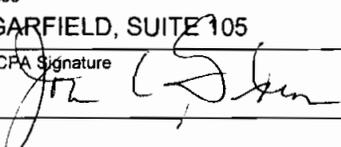
YES NO

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	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) BUSS & COMPANY, P.C.		Telephone Number 586-263-8200		
Street Address 42550 GARFIELD, SUITE 105		City CLINTON TWP	State MI	Zip 48038
Authorizing CPA Signature 		Printed Name JOHN E. GIDEON		License Number 1101007016

BRIGHTON DISTRICT LIBRARY
 Brighton, Michigan
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November 30, 2007

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INDEPENDENT AUDITOR'S REPORT

March 15, 2008

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, 2007, 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, 2007, 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

Board of Trustees
Brighton District Library
March 15, 2008
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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.



Certified Public Accountants

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BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
November 30, 2007

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.

	<u>2007</u>	<u>2006</u>
Current assets	\$ 747,854	\$ 715,167
Capital assets	<u>4,259,832</u>	<u>4,340,298</u>
Total Assets	<u>\$5,007,686</u>	<u>\$5,055,465</u>
Long-term debt	\$3,005,000	\$3,310,000
Other liabilities	<u>76,190</u>	<u>57,555</u>
Total Liabilities	<u>\$3,081,190</u>	<u>\$3,367,555</u>
Net Assets:		
Invested in capital assets, net of related debt and accrued interest	\$1,232,546	\$1,005,749
Restricted for debt service	(323,374)	46,426
Restricted for capital improvements	228,674	219,191
Unrestricted	<u>463,661</u>	<u>416,544</u>
Total Net Assets	<u>\$1,601,507</u>	<u>\$1,687,910</u>
Revenue:		
Property taxes	\$1,494,288	\$1,740,489
Other	<u>305,525</u>	<u>321,816</u>
Total Revenue	\$1,799,813	\$2,062,305
Expenses - Library services	<u>1,886,216</u>	<u>1,846,965</u>
Change in Net Assets	<u>(\$ 86,403)</u>	<u>\$ 215,340</u>

(Continued)

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
November 30, 2007

The Library as a Whole

- The Library's net assets decreased by (\$86,403) this year. The decrease was due primarily to an inadequate tax levy related to the debt fund which will be rectified in the coming year.
- The Library's primary source of revenue is from property taxes, which represents 83% of total revenue.
- Total expenses were 105% of total revenue for the year ended November 30, 2007. Salaries amount to approximately 49% 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 \$313,200. The decrease was due primarily to an inadequate tax levy related to the debt fund which will be rectified in the coming year.

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 amendments related to discontinuing the bookmobile program and costs incurred related to recruitment of a new Library Director.

Capital Assets

At the end of the fiscal year, the Library had \$4,259,833 invested in net capital assets, including building improvements, furniture and equipment, computer equipment, and books and materials. The Library added \$180,569 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 \$3,005,000 in general obligation bonds outstanding versus \$3,310,000 at November 30, 2006. This represents a decrease of 9%.

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.

BRIGHTON DISTRICT LIBRARY
BRIGHTON, Michigan
STATEMENT OF NET ASSETS
November 30, 2007

ASSETS

Cash and cash equivalents		\$ 408,736
Due from others		4,832
Prepaid expenses		9,296
Capital assets		<u>4,259,833</u>
Total Assets		<u>\$4,682,697</u>

LIABILITIES

Accounts payable and accrued liabilities		\$ 76,190
Bonds payable - Due within one year	\$ 325,000	
- Long-term	<u>2,680,000</u>	<u>3,005,000</u>
Total Liabilities		<u>\$3,081,190</u>

NET ASSETS

Invested in capital assets, net of related debt and accrued interest		\$1,232,546
Restricted for debt service		(323,374)
Restricted for capital improvements		228,674
Unrestricted		<u>463,661</u>
Total Net Assets		<u>\$1,601,507</u>

See accompanying notes to financial statements.

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

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
COMPARATIVE BALANCE SHEETS
GOVERNMENTAL FUNDS
November 30, 2007 and 2006

	<u>GENERAL</u> <u>FUND</u>	<u>DEBT RETIREMENT</u> <u>FUND</u>	<u>CAPITAL PROJECTS</u> <u>FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	
				<u>2007</u>	<u>2006</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$178,446	\$ 1,616	\$228,674	\$408,736	\$704,829
Due from other funds	324,990	-	-	324,990	4,295
Prepaid expenses	<u>14,128</u>	<u>-</u>	<u>-</u>	<u>14,128</u>	<u>6,043</u>
Total Assets	<u>\$517,564</u>	<u>\$ 1,616</u>	<u>\$228,674</u>	<u>\$747,854</u>	<u>\$715,167</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 25,974	\$ -	\$ -	\$ 25,974	\$ 10,341
Accrued liabilities	27,929	-	-	27,929	22,665
Due to other funds	<u>-</u>	<u>324,990</u>	<u>-</u>	<u>324,990</u>	<u>-</u>
Total Liabilities	<u>\$ 53,903</u>	<u>\$324,990</u>	<u>\$ -</u>	<u>\$378,893</u>	<u>\$ 33,006</u>
<u>FUND BALANCES</u>					
Fund Balances:					
Unreserved:					
Designated for:					
Debt service	\$ -	(\$323,374)	\$ -	(\$323,374)	\$ 46,426
Capital improvements	-	-	228,674	228,674	219,191
Undesignated	<u>463,661</u>	<u>-</u>	<u>-</u>	<u>463,661</u>	<u>416,544</u>
Total Fund Balances	<u>\$463,661</u>	<u>(\$323,374)</u>	<u>\$228,674</u>	<u>\$368,961</u>	<u>\$682,161</u>
Total Liabilities and Fund Balances	<u>\$517,564</u>	<u>\$ 1,616</u>	<u>\$228,674</u>	<u>\$747,854</u>	<u>\$715,167</u>

See accompanying notes to financial statements.

Buss & Company, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
RECONCILIATION OF FUND BALANCE TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
For The Year Ended November 30, 2007

TOTAL FUND BALANCE - MODIFIED ACCRUAL BASIS		\$ 368,961
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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	\$6,967,925	
Accumulated depreciation	(2,708,092)	4,259,833

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

Bonds payable		(3,005,000)
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Accrued interest payable on bonds is not included as a liability in the governmental funds		(22,287)
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		<u>\$1,601,507</u>
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See accompanying notes to financial statements.

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
 For The Years Ended November 30, 2007 and 2006

	GENERAL	DEBT RETIREMENT	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS	
				2007	2006
REVENUES:					
Property taxes	\$1,414,045	\$ 80,243	\$ -	\$1,494,288	\$1,740,489
Penal fines	128,148	-	-	128,148	135,327
State aid	25,790	-	-	25,790	23,501
Fines and fees	52,872	-	-	52,872	51,937
Interest	33,994	2,552	9,483	46,029	53,070
Revenue sharing	1,098	-	-	1,098	4,601
Friends of the Library	28,822	-	-	28,822	29,039
Grants	-	-	-	-	340
Miscellaneous	22,766	-	-	22,766	24,000
Total Revenues	<u>\$1,707,535</u>	<u>\$ 82,795</u>	<u>\$ 9,483</u>	<u>\$1,799,813</u>	<u>\$2,062,304</u>
EXPENDITURES:					
Salaries and wages	\$ 921,840	\$ -	\$ -	\$ 921,840	\$ 876,352
Fringe benefits	68,790	-	-	68,790	70,204
Payroll taxes and other payroll costs	71,054	-	-	71,054	68,873
Staff training and development	8,781	-	-	8,781	12,177
Supplies	23,775	-	-	23,775	31,610
Technology	36,050	-	-	36,050	27,921
Copier supplies and equipment maintenance	15,941	-	-	15,941	13,060
Building expenses	46,814	-	-	46,814	52,768
Contracted services	81,266	-	-	81,266	77,572
Bookmobile expenses	23,527	-	-	23,527	54,557
Communications	7,745	-	-	7,745	7,518
Insurance	16,559	-	-	16,559	15,532
Utilities	77,680	-	-	77,680	72,736
Advertising and public relations	18,909	-	-	18,909	12,133
Friends of the Library	28,888	-	-	28,888	27,744
Employment and personnel	15,451	-	-	15,451	-
Miscellaneous	13,440	-	-	13,440	9,935
Program expenditures	3,339	-	-	3,339	2,968
Grant expenditures	-	-	-	-	340
Capital outlay	9,000	-	-	9,000	75,821
Collection expenditures	171,569	-	-	171,569	180,782
Debt service:					
Principal and interest	-	452,295	-	452,295	444,835
Fees and other costs	-	300	-	300	298
Total Expenditures	<u>\$1,660,418</u>	<u>\$452,595</u>	<u>\$ -</u>	<u>\$2,113,013</u>	<u>\$2,135,736</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 47,117	(\$369,800)	\$ 9,483	(\$ 313,200)	(\$ 73,432)
FUND BALANCE - DECEMBER 1	416,544	46,426	219,191	682,161	755,593
FUND BALANCE - NOVEMBER 30	<u>\$ 463,661</u>	<u>(\$323,374)</u>	<u>\$228,674</u>	<u>\$ 368,961</u>	<u>\$ 682,161</u>

See accompanying notes to financial statements.

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

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, 2007

NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS (\$313,200)

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	(\$261,034)	
Capital outlay	<u>180,569</u>	(80,465)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities		305,000
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Accrued interest on bonds is an expenditure in the statement of activities; it is not reported in the governmental funds until paid		<u>2,262</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$ 86,403)

See accompanying notes to financial statements.

Buss & Company, P.C.
 Certified Public Accountants
 Clinton Township, Michigan

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
COMPARATIVE STATEMENTS OF NET ASSETS
FIDUCIARY FUNDS
November 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS	<u>\$ 9</u>	<u>\$ 678</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS	<u>\$ 9</u>	<u>\$ 678</u>

See accompanying notes to financial statements.

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS
November 30, 2007

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)

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
November 30, 2007

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. \$9 of assets of the fund were undistributed as of November 30, 2007.

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, 2007, 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 2007 taxable valuation of the Library totals approximately \$2.5 billion, on which ad valorem taxes levied consisted of .6692 mills for Library operations and .038 mills for Library Refunding Bonds, raising \$1,414,045 for Library operating purposes and \$80,243 for debt retirement. These amounts are recognized in the financial statements as property tax revenue.

(Continued)

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
November 30, 2007

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)

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
November 30, 2007

B. DEFICIT FUND BALANCE

The Debt Service Fund had a deficit fund balance of \$323,374 as of November 30, 2007. This resulted due to temporary timing differences and has been subsequently removed.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The budget of the Library is adopted on a total revenue and expenditure basis. Budgeted expenditures exceeded actual expenditures for the year ended November 30, 2007 by \$51,701. 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)	<u>\$408,736</u>
Investments in securities, mutual funds and similar vehicles	<u>\$ -</u>

Credit Risk - The Library's investments are limited by state statutes. 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, 2007, \$29,254 of the Library's bank balance of \$416,477 was exposed to custodial credit risk as follows:

<u>DEPOSITS</u>	<u>INSURED (FDIC)</u>	<u>UNINSURED AND UNCOLLATERALIZED</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Demand Deposits	\$ 88,599	\$ -	\$ 80,633	\$ 88,599
Money Market Funds	98,624	13,339	111,963	111,963
Certificates of Deposit	<u>200,000</u>	<u>15,915</u>	<u>215,915</u>	<u>215,915</u>
	<u>\$387,223</u>	<u>\$ 29,254</u>	<u>\$408,511</u>	<u>\$416,477</u>

(Continued)

BRIGHTON DISTRICT LIBRARY
 Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
 November 30, 2007

B. CAPITAL ASSETS

Capital asset activity of the Library was as follows:

	<u>BALANCE</u> <u>DECEMBER 1, 2006</u>	<u>ADDITIONS</u>	<u>DISPOSALS AND</u> <u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>NOVEMBER 30, 2007</u>
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	696,236	-	-	696,236
Computer equipment	265,141	9,000	-	274,141
Library collection	<u>1,862,555</u>	<u>171,569</u>	-	<u>2,034,124</u>
Subtotal	<u>\$6,247,356</u>	<u>\$180,569</u>	\$ -	<u>\$6,427,925</u>
Accumulated depreciation:				
Buildings and improvements	\$ 601,598	\$ 58,386	\$ -	\$ 659,984
Furniture and equipment	379,936	41,774	-	421,710
Computer equipment	228,465	17,357	-	245,822
Library collection	<u>1,237,059</u>	<u>143,517</u>	-	<u>1,380,576</u>
Subtotal	<u>\$2,447,058</u>	<u>\$261,034</u>	\$ -	<u>\$2,708,092</u>
Net capital assets being depreciated	<u>\$3,800,298</u>	(\$ 80,465)	\$ -	<u>\$3,719,833</u>
Net Capital Assets	<u>\$4,340,298</u>	(\$ 80,465)	\$ -	<u>\$4,259,833</u>

C. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended November 30, 2007:

	<u>BALANCE</u> <u>12/1/06</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>11/30/07</u>	<u>DUE IN</u> <u>ONE YEAR</u>
Bonds payable	<u>\$3,310,000</u>	\$ -	<u>\$305,000</u>	<u>\$3,005,000</u>	<u>\$325,000</u>

(Continued)

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
November 30, 2007

C. LONG-TERM LIABILITIES (Continued)

Bonds Payable

Bonds payable consists of the 1998 Refunding Bonds totalling \$3,005,000, due in annual installments ranging from \$325,000 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:

<u>YEAR ENDED</u> <u>NOVEMBER 30</u>	<u>AMOUNT</u>
2008	\$ 458,722
2009	454,260
2010	454,352
2011	453,778
Thereafter	<u>1,814,450</u>
	<u>\$3,635,562</u>

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, 2006, from which the summarized information was derived.

Buss & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTAL INFORMATION

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended November 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES:				
Property taxes	\$1,397,837	\$1,397,837	\$1,414,045	\$ 16,208
Penal fines	135,660	135,660	128,148	(7,512)
State aid	28,374	28,374	25,790	(2,584)
Fines and fees	52,500	52,500	52,872	372
Interest	31,025	31,025	33,994	2,969
Revenue sharing	-	-	1,098	1,098
Friends of the Library	25,000	28,000	28,822	822
Miscellaneous	<u>8,100</u>	<u>8,100</u>	<u>22,766</u>	<u>14,666</u>
Total Revenues	<u>\$1,678,496</u>	<u>\$1,681,496</u>	<u>\$1,707,535</u>	<u>\$ 26,039</u>
EXPENDITURES:				
Salaries and wages	\$ 945,449	\$ 945,449	\$ 921,840	\$ 23,609
Fringe benefits	76,460	76,460	68,790	7,670
Payroll taxes and other payroll costs	75,290	75,290	71,054	4,236
Staff training and development	11,000	11,000	8,781	2,219
Supplies	22,910	24,910	23,775	1,135
Technology	45,053	45,053	36,050	9,003
Copier supplies and equipment maintenance	15,912	17,112	15,941	1,171
Building expenses	46,525	46,525	46,814	(289)
Contracted services	63,881	63,881	81,266	(17,385)
Bookmobile expenses	38,507	31,307	23,527	7,780
Communications	7,600	7,800	7,745	55
Insurance	16,308	16,608	16,559	49
Utilities	79,523	79,523	77,680	1,843
Advertising and public relations	18,500	19,000	18,909	91
Friends of the Library expenditures	25,000	28,000	28,888	(888)
Miscellaneous	19,850	36,801	28,891	7,910
Program expenditures	3,100	3,600	3,339	261
Collection expenditures	182,800	183,800	171,569	12,231
Capital outlay	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>(9,000)</u>
Total Expenditures	<u>\$1,693,668</u>	<u>\$1,712,119</u>	<u>\$1,660,418</u>	<u>\$ 51,701</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(\$ 15,172)</u>	<u>(\$ 30,623)</u>	<u>\$ 47,117</u>	<u>\$ 77,740</u>

See accompanying notes to financial statements.

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

OTHER SUPPLEMENTAL INFORMATION

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
SCHEDULE OF BONDS PAYABLE
November 30, 2007

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

<u>INTEREST RATE</u>	<u>MATURITY DATE OCTOBER 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
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	<u>425,000</u>

Principal Outstanding at November 30, 2007 \$3,005,000

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

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
SCHEDULE OF BOND INDEBTEDNESS
(PRINCIPAL AND INTEREST)
November 30, 2007

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

<u>YEAR ENDED</u> <u>NOVEMBER 30</u>	<u>INTEREST</u> <u>DUE</u> <u>APRIL 1</u>	<u>INTEREST</u> <u>DUE</u> <u>OCTOBER 1</u>	<u>PRINCIPAL</u> <u>DUE</u> <u>OCTOBER 1</u>	<u>TOTAL</u> <u>PRINCIPAL AND</u> <u>INTEREST</u>
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	<u>9,456</u>	<u>9,456</u>	<u>425,000</u>	<u>443,912</u>
	<u>\$315,281</u>	<u>\$315,281</u>	<u>\$3,005,000</u>	<u>\$3,635,562</u>

BRIGHTON DISTRICT LIBRARY
Brighton, Michigan
SCHEDULE OF COLLECTION EXPENDITURES
For The Year Ended November 30, 2007

GENERAL FUND

ADULT COLLECTION:

Audio	\$ 21,960
Videos	10,238
Music CD's	3,795
Books - Fiction	18,302
Books - Non-fiction	22,552
Periodicals	7,577
Large print	1,443
Reference	7,573
Professional collection	1,556
Continuations	10,070
Brighton Room	1,743

YOUTH COLLECTION:

Audio	4,286
CD-ROMs	1,709
Videos	4,882
Books - Young Adult	15,492
Books - Children	18,648
Reference	1,539
Periodicals	1,628
Miscellaneous	377

BOOKMOBILE COLLECTION 701

DONATED MATERIALS 15,498

Totals \$171,569

BUSS & COMPANY, P.C.

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MEMBERS
The American Institute of
Certified Public Accountants
The Michigan Association of
Certified Public Accountants

March 15, 2008

To the Library Board
Brighton District Library
Brighton, Michigan

Re: Comments and recommendations
in conjunction with annual audit for the
period ended November 30, 2007

Board Members:

We have audited the financial statements of Brighton District Library for the period ended November 30, 2007. 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.

Debt Service Fund

During the current year the Library did not fully levy taxes for debt service due to proposed changes at the County level. When the proposed changes were cancelled, several taxing authorities wanted to charge additional fees for summer collections. The Library temporarily transferred funds from the General Fund to the Debt Service Fund to cover the July 2007 debt payment. The advance has been returned to the General Fund subsequent to the December 2007 debt levy with the deficit in the Debt Service Fund being removed. The foregoing was reviewed with the State of Michigan Local Audit Division and the Michigan Library prior to implementation.

This report is intended solely for the information and use of the Board of Trustees, management and others within the administration of the Brighton District Library. This restriction is not intended to limit the distribution of this report which upon acceptance by the board of Trustees, is a matter of public record.

Brighton District Library
March 15, 2008
Page 2

We appreciate the cooperation of the Library staff and Trustees during our audit.

Yours truly,

BUSS & COMPANY, P.C.

A handwritten signature in cursive script that reads "Buss & Company, P.C.".

Certified Public Accountants

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