

GENESEE DISTRICT LIBRARY
FLINT, MICHIGAN
AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

March 22, 2008

INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Genesee District Library

We have audited the accompanying financial statements of the governmental activities of Genesee District Library, as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Genesee 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 of Genesee District Library as of December 31, 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 on pages II - V is not required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee District Library's basic financial statements. The accompanying other supplementary information, as identified, in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary 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.

Lewis + Knopf P.C.

LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

GENESEE DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

USING THIS ANNUAL REPORT

This annual report consists of three parts: *Management's Discussion and Analysis* (this section), the *basic financial statements*, and *required supplementary information*.

- * The statement of net assets presents the Library's operations on a full accrual basis, which provides both long, 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 on a longer-term view of the Library's finances.

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 supplementary information* that further explains and supports the information in the financial statements.

CONDENSED FINANCIAL INFORMATION

The following table below shows key financial information in a condensed format:

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$4,180,134	\$5,282,577
Non-Current Assets	759,457	818,828
<u>TOTAL ASSETS</u>	<u>\$4,939,591</u>	<u>\$6,101,405</u>
<u>LIABILITIES</u>		
Current Liabilities	\$272,047	\$330,734
Non-Current Liabilities	270,000	230,000
Total Liabilities	<u>\$542,047</u>	<u>\$560,734</u>
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	759,457	818,828
Restricted	83,838	78,416
Unrestricted	3,554,249	4,643,427
Total Net Assets	<u>\$4,397,544</u>	<u>\$5,540,671</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$4,939,591</u>	<u>\$6,101,405</u>
<u>REVENUE</u>		
Property Taxes	\$7,132,526	\$6,663,917
Other	2,111,534	2,067,384
Total Revenue	<u>\$9,244,060</u>	<u>\$8,731,301</u>
<u>EXPENDITURES - LIBRARY SERVICES</u>	<u>10,387,187</u>	<u>9,627,583</u>
<u>CHANGE IN NET ASSETS</u>	<u>(\$1,143,127)</u>	<u>(\$896,282)</u>

GENESEE DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

THE LIBRARY AS A WHOLE

- * The Library is reporting financial statements this year that meet the requirements of GASB 34.
- * The Library's primary source of revenue is from property taxes. For 2007, total tax collections were \$7,132,526. This represents approximately 77 percent of total revenue.
- * Salaries and fringe benefits are the largest overall expenditure of the Library. For 2007, this expenditure was \$6,213,341, representing 60 percent of the Library's total expenditures. The addition of 2 full-time and 4 part time employees, plus an average 3 percent increase in salaries contributed to an overall increase of \$634,707 over the previous year.
- * Library materials (books, periodicals and audio visuals) of 1,776,237 are the second largest overall expenditure of the Library, representing 17 percent of the Library's total expenditures.

THE LIBRARY'S FUND

Our analysis of the Library's Operating Fund is included on pages 1 and 2 of the respective statements.

- * The fund balance of the Operating Fund decreased by \$1,143,127 for the year. This represents expenses greater than revenue.
- * The restricted fund balance of \$83,838 consists of contributions, legacies and bequests.
- * The Library Board has designated funds established for budget stabilization (see Note 6).

OPERATING FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

OPERATING FUND BUDGET VS. ACTUAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenues	\$9,029,400	\$9,029,400	\$9,244,060	0.00	2.38
Expenditures	11,157,945	11,157,945	10,387,187	0.00	6.91
TOTAL	<u>(\$2,128,545)</u>	<u>(\$2,128,545)</u>	<u>(\$1,143,127)</u>		

GENESEE DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

Original vs. Final Budgets

There were no significant changes in original budgets versus final budgets for both revenues and expenditures.

Actual Results vs. Final Budgets

Revenues

Actual revenues from various sources were higher than expected.

Expenditures

Actual expenditures in various categories were less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As a result of GASB 34 implementation, the library adopted a capitalization policy of \$1,000. Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
<u>GOVERNMENTAL ACTIVITIES</u>				
Equipment and Furniture	\$1,347,865	\$172,372	\$10,333	\$1,509,904
Leasehold Improvement	653,127	28,705	0	681,832
Totals at Historical Cost	\$2,000,992	\$201,077	\$10,333	\$2,191,736
Less: Accumulated Depreciation	(1,182,164)	(260,448)	(10,333)	(1,432,279)
 <u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$818,828</u>	<u>(\$59,371)</u>	<u>\$0</u>	<u>\$759,457</u>

Significant capital asset acquisitions consists of the purchase of computer equipment.

DEBT

A summary of the debt outstanding at the Library is as follows:

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
Governmental Activities:				
Compensated Absences	\$230,000	\$40,000	\$0	\$270,000

The compensated absences represent the estimated liability to be paid employees under the Library's sick and vacation pay policy. Under the Library's policy, employees earn vacation time based on time of service with the Library.

MILLAGE RATES

During 1997, the voters of the district approved a millage, authorized by election charter, of .7881 mills. The Library levied .7481 mills and the difference between the authorized and levied is .0400 mills. The difference is because of the Headlee rollback. The millage was renewed in May, 2007 for ten years.

GENESEE DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Library's 2008 adopted budget is as follows:

REVENUE	\$9,170,000
<u>EXPENDITURES</u>	<u>11,213,900</u>
<u>NET (UNDER) BUDGET</u>	<u>(\$2,043,900)</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Library's finances. If you have questions about this report or need additional information, contact the Executive Director at Genesee District Library, G-4195 W. Pasadena Avenue, Flint, MI 48504.

GENESEE DISTRICT LIBRARY
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2007

	Governmental Activities
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$3,517,719
Accounts Receivable	515,775
Property Tax Receivable	54,241
Prepaid Expenses	92,399
Total Current Assets	\$4,180,134
<u>NON-CURRENT ASSETS</u>	
Capital Assets	2,191,736
Less: Accumulated Depreciation	(1,432,279)
Total Noncurrent Assets	\$759,457
<u>TOTAL ASSETS</u>	\$4,939,591
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$92,857
Accrued and Other Liabilities	14,907
Deferred Revenue	164,283
Total Current Liabilities	\$272,047
<u>LONG-TERM LIABILITIES</u>	
Compensated Absences	270,000
Total Liabilities	\$542,047
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	759,457
Restricted	83,838
Unrestricted	3,554,249
Total Net Assets	\$4,397,544
<u>TOTAL NET ASSETS</u>	\$4,939,591

See accompanying notes to the basic financial statements.

GENESEE DISTRICT LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General Government	\$10,387,187	\$227,061	\$22,410	(\$10,137,716)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				7,132,526
State Penal Fines/Single Business Tax				434,814
State Aid				251,047
Investment Earnings				281,013
Mid Eastern Michigan Library Cooperative				63,763
Use of Contributed Facilities				760,000
Miscellaneous Revenue				71,426
Total General Revenues and Transfers				<u>\$8,994,589</u>
Change in Net Assets				(\$1,143,127)
Net Assets - Beginning				<u>5,540,671</u>
<u>Net Assets - Ending</u>				<u>\$4,397,544</u>

See accompanying notes to the basic financial statements.

GENESEE DISTRICT LIBRARY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property Taxes	\$7,067,700	\$7,067,700	\$7,132,526	\$64,826
State Penal Fines/Single Business Tax	430,000	430,000	434,814	4,814
State Aid	130,000	130,000	251,047	121,047
Investment Earnings	275,000	275,000	281,013	6,013
Grants, Contributions, Legacies, and Bequests	42,500	42,500	22,410	(20,090)
Library Fines, Fees and Other	174,380	174,380	227,061	52,681
Mid Eastern Michigan Library Cooperative	89,820	89,820	63,763	(26,057)
Use of Contributed Facilities	760,000	760,000	760,000	0
Miscellaneous Revenue	60,000	60,000	71,426	11,426
Total Revenues	<u>\$9,029,400</u>	<u>\$9,029,400</u>	<u>\$9,244,060</u>	<u>\$214,660</u>
<u>EXPENDITURES</u>				
Salaries and Wages	4,590,379	4,590,379	4,395,063	195,316
Fringe Benefits	1,985,416	1,985,416	1,818,278	167,138
Supplies	301,000	301,000	264,744	36,256
Books	1,267,500	1,302,500	1,216,204	86,296
Periodicals	80,000	80,000	75,884	4,116
Audio Visual	539,000	504,000	484,149	19,851
Contractual Services	440,000	440,000	365,719	74,281
Telephone	188,000	188,000	169,040	18,960
Travel	49,300	49,300	42,611	6,689
Printing	392,000	392,000	243,248	148,752
Insurance	27,300	27,300	20,567	6,733
Utilities	45,000	45,000	39,055	5,945
Building & Maintenance	232,000	232,000	202,201	29,799
Miscellaneous	18,550	18,550	13,716	4,834
Other	1,002,500	1,002,500	1,036,708	(34,208)
Total Expenditures	<u>\$11,157,945</u>	<u>\$11,157,945</u>	<u>\$10,387,187</u>	<u>\$770,758</u>
<u>REVENUES (UNDER) EXPENDITURES</u>	<u><u>(\$2,128,545)</u></u>	<u><u>(\$2,128,545)</u></u>	<u><u>(\$1,143,127)</u></u>	<u><u>\$985,418</u></u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			<u>5,540,671</u>	
<u>FUND BALANCE - END OF YEAR</u>			<u><u>\$4,397,544</u></u>	

See accompanying notes to the basic financial statements.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Genesee District Library was organized under the provisions of the District Library Act of the State of Michigan. The electorate created the Genesee District Library on January 1, 1980. The primary purpose of Genesee District Library is to provide support services for nineteen county locations.

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

REPORTING ENTITY

The Genesee District Library is the basic level of government that has financial accountability and control over all activities related to the Library within the geographical area known Genesee County, excluding the City of Flint. The Library receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Library is not included in any other governmental "reporting entity" as defined by GASB pronouncement. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14 which are included in the Library's reporting entity.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The Library has one operating Fund.

The Operating Fund is budgeted and accounted for 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. Normally, expenditures are divided between years by the recording of prepaid expenses. The prepaid expenses reported on the balance sheet represent payments made in advance for 2007 expenditures.

In addition to presenting information for the Operating Fund, the statements combine all fund activity and present information for the Library as a whole, 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both modified accrual and full accrual columns, to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Library has elected not to follow private sector standards issued after November 30, 1989 for its full accrual presentation.

Operating Fund

The operating fund represents resources over which the trustees have discretionary control and are used to carry out the operations of the organization.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT AMOUNTS

CASH AND CASH EQUIVALENTS

The Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments are reported at fair market value and determined using selected bases. Short-term investments are reported at cost, which approximate fair values. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

PREPAID EXPENSES

Prepaid balances are for payments made by the Library in the current year to provide services occurring in the subsequent fiscal year.

CAPITAL ASSETS

Generally, capital assets are defined by the Library with an initial cost of more than \$1,000. Such assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred.

Depreciation on such capital assets is charged as an expense against the operations on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives (Years)</u>
Equipment and Furniture	5 - 7
Leasehold Improvements	10 - 15

Inexhaustible Collections and Books

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the library has not capitalized them.

REVENUE RECOGNITION

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Library reports any donor-restricted contributions whose restrictions are not in the same accounting period as unrestricted support.

CONTRIBUTED FACILITIES

The Library occupies certain premises, which are located in government owned buildings, without charge or at a nominal charge of \$1. The estimated fair rental value of the premises is reported as support and the corresponding expenses are shown in the period in which the premises are used. The district library does not actually own or control the locations. The Genesee District Library furnishes services and personnel for these various locations.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The Library reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick and vacation leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick and vacation leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Library's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

DEFERRED REVENUE

Income is recognized as revenue as it is earned. Prepayments are recorded as deferred until the revenue is earned over the year.

INCOME TAX STATUS

The Library has been granted exemption from federal income taxes as an organization other than a private foundation under Internal Revenue Code.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2) DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

Deposits - The Board authorized the following financial institutions for the deposit of the Library's funds for the year ended December 31, 2007: Chase Bank, Citizens Republic Bank and Security Federal Credit Union.

**GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

2) **DEPOSITS** (Continued)

At December 31, 2007, the carrying amount of the Library's deposits, on the books was \$3,517,719. The bank balance with financial institutions classified as to risk was as follows:

Insured (FDIC or FSLIC)	\$ 300,000
Uninsured – Uncollateralized	<u>3,213,929</u>
<u>TOTAL</u>	<u>\$ 3,513,929</u>

A significant portion of the uninsured balance is deposited in government money market accounts.

3) **CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2007, was as follows:

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
GOVERNMENTAL ACTIVITIES				
Equipment and Furniture	\$1,347,865	\$172,372	\$10,333	\$1,509,904
Leasehold Improvements	<u>653,127</u>	<u>28,705</u>	<u>0</u>	<u>681,832</u>
Total Capital Assets	\$2,000,992	\$201,077	\$10,333	\$2,191,736
Less: Accumulated Depreciation	<u>(1,182,164)</u>	<u>(260,448)</u>	<u>(10,333)</u>	<u>(1,432,279)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$818,828</u>	<u>(\$59,371)</u>	<u>\$0</u>	<u>\$759,457</u>

Depreciation expense was \$260,448 for the year ended December 31, 2007.

4) **LONG-TERM DEBT**

A summary of the debt outstanding at the Library is as follows:

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
Governmental Activities:				
Compensated Absences	<u>\$230,000</u>	<u>\$40,000</u>	<u>\$0</u>	<u>\$270,000</u>

The compensated absences represent the estimated liability to be paid to employees under various sick and vacation pay contracts. Under the Library's various contracts, employees earn vacation and sick time based on time of service with the Library.

5) **RESTRICTED NET ASSETS**

Changes in restricted net assets are summarized below:

Balance – Beginning	\$ 78,416
Additions	
Contributions, Legacies and Bequests	<u>19,251</u>
Total	\$ <u>97,667</u>
Deductions - Funds Expended During the Year	<u>13,829</u>
<u>BALANCE – ENDING</u>	<u>\$ 83,838</u>

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

6) DESIGNATED FUND BALANCE

With the implementation of GASB 34, designated fund balance is not presented on the financial statements but the board of directors have made some designations as of December 31, 2007. They are as follows:

Equipment Fund	\$ 971,820
Election Fund	50,001
LSCA Title II (20 year/2014, HQ Building Grant)	101,250
Retirement Reduction Fund	880,000
Retiree Health Care Premium Fund (See Note 9)	<u>2,300,000</u>
 <u>TOTAL</u>	 <u>\$ 4,303,071</u>

7) LEASE

The Library leases various pieces of branch and office equipment including multiple copy machines. The future obligations for the copiers are as follows:

2008	\$ 18,636
2009	18,636
2010	<u>8,396</u>
 <u>TOTAL</u>	 <u>\$ 45,668</u>

8) DEFINED BENEFIT PENSION PLAN

The Library has a defined benefit pension plan covering substantially all employees. The plan is operated by the Genesee County Employees Retirement System (GCERS), which is an agent multiple-employer public employee retirement system (PERS). The pension plan provides retirement, survivor and disability benefits. Separate financial statements for the Library are prepared by GCERS on an annual basis.

Most of the Library employees are eligible to participate in the GCERS. Employees hired on or after January 1, 1998, shall be required to contribute 1.0% of their gross compensation for each payroll period to the Retirement System. Employees hired prior to January 1, 1998, shall be required to contribute 0.5% of their gross compensation for each payroll period to the Retirement System. A basic plan member, hired before July 1, 1995, may retire at age 60 with 8 or more years of credited service. A basic plan member, hired after July 1, 1995, may retire at age 60 with 12 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to the final average compensation (FAC) times the sum of a) 2.3% for the first 25 years of service plus b) 1.0% for years of service in excess of 25 years. Maximum employer financed portion is 60% of FAC. Final average compensation is the employee's average salary over the last highest 5 years out of the last 10 years of credited service. For 5 administration employees FAC is the highest 2 years.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

8) DEFINED BENEFIT PENSION PLAN (Continued)

The Library's current year covered payroll and its total current year payroll for all employees amounted to \$3,963,464 and \$4,358,026, respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits adjusted for the effects of the projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the GCERS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among GCERS and employers. The GCERS makes separate measurements of assets and pension benefit obligation for individual municipalities. The pension benefit obligation at December 31, 2006 (latest reporting date available) for the Library, determined through an actuarial valuation performed as of that date, was \$12,401,000. The benefit obligation is for vested and nonvested current employees. The Library's net assets available for benefits on that date (valued at cost) were \$13,203,000, leaving an underfunded pension benefit obligation of \$802,000. The Library made contributions of \$497,896 for the year ended December 31, 2007. The investment return rate and pay increase assumption used in making the actuarial valuation was 8%. The Library funding policy is to contribute annually an amount sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Library may determine to be appropriate. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligations.

Ten year historical trend information showing the GCERS's progress in accumulating sufficient assets to pay benefits when due is presented in the December 31, 2006 comprehensive annual financial report. Three year historical trend information is as follows:

VALUATION DATE	NET ASSETS AVAILABLE FOR BENEFITS	PENSION BENEFIT OBLIGATION	PERCENT FUNDED	AMOUNT
12-31-04	\$ 404,492,706	\$ 458,068,584	88.3%	\$ 53,575,878
12-31-05	412,739,593	467,582,019	88.3%	54,842,426
12-31-06	445,962,000	490,335,000	91.0%	44,373,000

9) POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the library provides post retirement health care benefits to employees who retire after attaining at least 25 years of service. Employee with less than twenty-five (25) years of credited service who retire at sixty (60) years of age or older, but who were hired after July 1, 1995, shall be eligible for eighty (80%) percent employer paid health insurance coverage. The employee portion of the cost for health insurance coverage shall offset the annual employee maximum for such increases in health insurance premiums on a dollar-for-dollar basis. Employees who retired from active employment with employer between January 1, 1998 and December 31, 2002 shall be eligible for full employer paid health insurance coverage; provided that they pay fifty (50%) of any increase in health insurance premiums, up to an annual maximum of \$460. Employees retired after December 31, 2005, must pay fifty (50%) of any increase in health insurance premiums, up to an annual maximum of \$600. Currently 26 retirees meet those requirements and 25 are receiving medical insurance coverage. The library is accounting for the expense on a pay-as-you-go-basis. The medical insurance premiums are 100% paid by the library and amounted to \$18,146 per month, or \$217,757 for the 2007 year. The library is in the process of establishing a funded post retirement healthcare plan.

INDIVIDUAL FUND SCHEDULES OF
EXPENDITURES

GENESEE DISTRICT LIBRARY
SCHEDULE OF OTHER EXPENDITURES AS COMPARED TO BUDGET - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>SALARIES</u>				
Salary - Administration	\$724,200	\$724,200	\$710,406	\$13,794
Salary - Full Time	2,850,145	2,835,145	2,724,251	110,894
Salary - Part Time	361,685	361,685	327,644	34,041
Salary - Temporary	20,000	35,000	33,875	1,125
Salary - Overtime	120,000	120,000	107,245	12,755
Salary - Shelves	417,269	417,269	394,562	22,707
Longevity	97,080	97,080	97,080	0
Total Salaries	<u>\$4,590,379</u>	<u>\$4,590,379</u>	<u>\$4,395,063</u>	<u>\$195,316</u>
<u>FRINGE BENEFITS</u>				
Social Security	356,600	356,600	334,160	22,440
Retirement	529,201	529,201	497,896	31,305
Medical Insurance	856,473	853,473	791,158	62,315
Dental Insurance	76,643	76,643	59,302	17,341
Life and Disability	72,259	72,259	68,620	3,639
Worker's Compensation	16,000	16,000	9,284	6,716
Unemployment	15,000	15,000	735	14,265
Optical Insurance	19,640	19,640	14,573	5,067
Educational Reimbursement	7,800	7,800	5,100	2,700
Annuity Expenditure	35,800	38,800	37,450	1,350
Total Fringe Benefits	<u>\$1,985,416</u>	<u>\$1,985,416</u>	<u>\$1,818,278</u>	<u>\$167,138</u>
<u>SUPPLIES</u>				
Office Supplies	15,000	15,000	4,015	10,985
Operating Expenditures	230,000	230,000	216,193	13,807
Postage and Shipping	56,000	56,000	44,536	11,464
Total Supplies	<u>\$301,000</u>	<u>\$301,000</u>	<u>\$264,744</u>	<u>\$36,256</u>
<u>BOOKS</u>				
Books - Documents and Pamphlets	2,500	2,500	2,500	0
Books - E Books	30,000	30,000	7,403	22,597
Books - Paperbacks	45,000	45,000	43,480	1,520
Books - Reference	415,000	435,000	423,704	11,296
Books - System	775,000	790,000	739,117	50,883
Total Books	<u>\$1,267,500</u>	<u>\$1,302,500</u>	<u>\$1,216,204</u>	<u>\$86,296</u>
<u>PERIODICALS</u>				
Magazines and Newspapers	80,000	80,000	75,884	4,116
<u>AUDIO - VISUAL</u>				
CD's and Videocassettes	75,000	40,000	35,105	4,895
A-V Microfilm - Materials	14,000	14,000	13,402	598
Digital Video Disks	275,000	275,000	261,649	13,351
Audio Media	175,000	175,000	173,993	1,007
Total Audio - Visual	<u>\$539,000</u>	<u>\$504,000</u>	<u>\$484,149</u>	<u>\$19,851</u>

GENESEE DISTRICT LIBRARY
SCHEDULE OF OTHER EXPENDITURES AS COMPARED TO BUDGET - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CONTRACTUAL SERVICES				
Attorney	\$30,000	\$30,000	\$18,903	\$11,097
Payroll	10,000	11,500	11,132	368
Auditor	9,000	7,500	7,500	0
Consultant	7,000	7,000	3,461	3,539
Programming	200,000	200,000	155,391	44,609
Software	82,000	94,000	92,929	1,071
Staff Development	12,000	15,000	14,588	412
Collection Costs	0	15,000	12,614	2,386
O.C.L.C. and M.L.C.	90,000	60,000	49,201	10,799
Total Contractual Services	\$440,000	\$440,000	\$365,719	\$74,281
TELEPHONE				
Telephone	188,000	188,000	169,040	18,960
TRAVEL				
Travel - Regular	24,000	26,000	24,904	1,096
Travel - Workshop	21,300	19,300	14,513	4,787
Gas and Oil	4,000	4,000	3,194	806
Total Travel	\$49,300	\$49,300	\$42,611	\$6,689
PRINTING AND ADVERTISING				
Public Relations	100,000	100,000	86,541	13,459
Election Expenditures	100,000	100,000	49,499	50,501
Printing and Publishing	100,000	100,000	78,705	21,295
Events, Sponsorships, and Themes	90,000	90,000	28,424	61,576
Advertising	2,000	2,000	79	1,921
Total Printing and Advertising	\$392,000	\$392,000	\$243,248	\$148,752
INSURANCE				
Building and Contents	15,000	15,000	10,801	4,199
Liability and Bonds	9,000	9,000	7,780	1,220
Automobile Insurance	3,300	3,300	1,986	1,314
Total Insurance	\$27,300	\$27,300	\$20,567	\$6,733
UTILITIES				
Public Utilities	45,000	45,000	39,055	5,945
BUILDING AND MAINTENANCE				
Equipment Repairs and Maintenance	6,000	6,000	2,383	3,617
Equipment Service Contracts	75,000	50,000	35,478	14,522
Equipment Lease	35,000	52,000	46,238	5,762
Building Repairs and Maintenance	14,000	16,000	12,908	3,092
Building Service Contracts	85,000	95,000	94,048	952
Building Supplies	5,000	5,000	4,747	253
Computer Parts and Supplies	12,000	8,000	6,399	1,601
Total Building and Maintenance	\$232,000	\$232,000	\$202,201	\$29,799

GENESEE DISTRICT LIBRARY
SCHEDULE OF OTHER EXPENDITURES AS COMPARED TO BUDGET - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>MISCELLANEOUS</u>				
Rent	\$6,000	\$4,000	\$1,625	\$2,375
Binding	250	250	0	250
Refunds	2,000	4,000	3,452	548
Memberships	4,300	4,300	3,959	341
Director's Business Expenditure	1,000	1,000	476	524
Board Expenditure	5,000	5,000	4,204	796
Total Miscellaneous	<u>\$18,550</u>	<u>\$18,550</u>	<u>\$13,716</u>	<u>\$4,834</u>
<u>OTHER</u>				
Contributed Facilities	760,000	760,000	760,000	0
Depreciation and Disposal	200,000	200,000	260,449	(60,449)
Gift and Grant Expenditures	42,500	42,500	16,259	26,241
Total Other	<u>\$1,002,500</u>	<u>\$1,002,500</u>	<u>\$1,036,708</u>	<u>(\$34,208)</u>
<u>TOTAL OPERATING EXPENDITURES</u>	<u>\$11,157,945</u>	<u>\$11,157,945</u>	<u>\$10,387,187</u>	<u>\$770,758</u>