

Kalamazoo Public Library

**Financial Report
with Supplemental Information
June 30, 2009**

Kalamazoo Public Library

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Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Kalamazoo Public Library

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kalamazoo Public Library as of and for the year ended June 30, 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the 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, each major fund, and the aggregate remaining fund information of Kalamazoo Public Library as of June 30, 2009 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The management's discussion and analysis and required supplemental information, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Kalamazoo Public Library

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

Plante & Moran, PLLC

October 6, 2009

Kalamazoo Public Library

Management's Discussion and Analysis

As the management and board of Kalamazoo Public Library, we offer readers of Kalamazoo Public Library's financial statements this narrative overview and analysis of the financial activities of Kalamazoo Public Library for the fiscal year ended June 30, 2009.

Financial Highlights

- The assets of Kalamazoo Public Library exceeded its liabilities at the close of the most recent fiscal year by \$16,270,590. Of this amount, \$5,026,529 may be used to meet Kalamazoo Public Library's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, Kalamazoo Public Library's governmental funds reported combined ending fund balances of \$7,798,720, an increase of \$899,638 in comparison with the prior year. Approximately 12 percent of the total amount, \$928,307, is undesignated and unreserved.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$826,938, or 8 percent of total General Fund expenditures.
- Kalamazoo Public Library's long-term debt decreased by \$1,295,000 (19.6 percent) during the current fiscal year, attributed to the payment of bond principal. No new debt was issued during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Kalamazoo Public Library's basic financial statements. Kalamazoo Public Library's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of Kalamazoo Public Library's finances, in a manner similar to a private-sector business.

- **Statement of Net Assets** - The statement of net assets presents information on all of Kalamazoo Public Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether Kalamazoo Public Library's financial position is improving or deteriorating.
- **Statement of Activities** - The statement of activities presents information showing how Kalamazoo Public Library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

Both of the government-wide financial statements distinguish functions of Kalamazoo Public Library that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of its costs through user fees and charges. The governmental activities of Kalamazoo Public Library include a single program function, culture and recreation, and one major fund reported separately from the general library operations, the Endowment Fund.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Kalamazoo Public Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Kalamazoo Public Library can be classified as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Kalamazoo Public Library maintains seven individual governmental funds: the General, Debt Service, Capital Improvement, Endowment, Agency, Ready to Read, and Gift and Memorial Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Improvement Fund, and Endowment Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Kalamazoo Public Library adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget, which is included in the required supplemental information.

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Kalamazoo Public Library, assets exceeded liabilities by \$16,270,590 at the close of the most recent fiscal year.

By far, the most significant portion of Kalamazoo Public Library's net assets (54 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Kalamazoo Public Library used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Kalamazoo Public Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Kalamazoo Public Library's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used or have been reserved for specific purposes by the board. The remaining balance of unreserved, undesignated net assets (\$5,026,529) may be used to meet Kalamazoo Public Library's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Kalamazoo Public Library is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate major fund groupings. The same situation held true for the prior fiscal year.

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

Kalamazoo Public Library Net Assets

	2008-2009	2007-2008	2006-2007
Assets			
Current and other assets	\$ 8,504,083	\$ 9,373,516	\$ 7,850,805
Capital assets	<u>14,053,983</u>	<u>13,955,247</u>	<u>14,350,437</u>
Total assets	22,558,066	23,328,763	22,201,242
Liabilities			
Long-term debt	4,241,996	6,815,060	8,049,658
Other liabilities	<u>2,045,480</u>	<u>670,552</u>	<u>574,098</u>
Total liabilities	<u>6,287,476</u>	<u>7,485,612</u>	<u>8,623,756</u>
Net Assets			
Invested in capital assets - Net of related debt	8,753,983	7,360,247	6,515,437
Nonexpendable trust	2,353,460	2,509,655	1,784,792
Restricted for debt service	136,618	178,831	213,539
Unrestricted	<u>5,026,529</u>	<u>5,794,418</u>	<u>5,063,718</u>
Total net assets	<u>\$ 16,270,590</u>	<u>\$ 15,843,151</u>	<u>\$ 13,577,486</u>

As of June 30, 2009, Kalamazoo Public Library's total net assets equaled \$16,270,590. Of that total, 53.8 percent, or \$8,753,983, is invested in capital assets net of related debt, 14.5 percent, or \$2,353,460 is restricted for a permanent nonexpendable trust, and an additional .8 percent is restricted for debt service. The remaining balance of \$5,026,529, or 30.9 percent, is unrestricted net assets. The increase in net assets is primarily due to the increase in capital assets net of related debt, which increased from \$7,360,247 in the prior year due to both the investment in capital assets and the reduction of related debt.

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

Kalamazoo Public Library Change in Net Assets

	2008-2009	2007-2008	2006-2007
Revenue			
Program revenue:			
Charges for services	\$ 147,413	\$ 143,534	\$ 145,541
Operating grants and contributions	274,137	1,572,628	158,966
General revenue:			
Property taxes	11,683,759	11,334,612	10,805,861
State grants	75,077	328,941	321,448
District court penal fines	305,554	325,306	308,819
Investment return	(32,312)	100,790	335,056
Other	213,284	82,476	120,159
Net loss on sale/disposal of assets	(22,734)	(16,469)	(5,136)
 Total revenue	 12,644,178	 13,871,818	 12,190,714
Expenses - Program -			
Recreational and cultural - Library:			
Salaries	5,172,725	4,863,923	4,531,204
Benefits	2,373,409	2,271,075	2,017,610
Materials	264,470	207,913	102,985
Utilities	233,396	225,918	219,170
Supplies	198,865	208,011	189,462
Facilities management	210,578	234,516	146,902
Other	2,222,561	1,965,442	1,606,187
Debt service interest	328,282	386,509	441,985
Depreciation expense	1,212,453	1,242,846	1,328,715
 Total expenses	 12,216,739	 11,606,153	 10,584,220
 Change in Net Assets	 \$ 427,439	 \$ 2,265,665	 \$ 1,606,494

Kalamazoo Public Library's net assets increased by \$427,439 during the current fiscal year as discussed below:

Governmental Activities - Governmental activities increased Kalamazoo Public Library's net assets by \$427,439, accounting for all of the total increase in the net assets of Kalamazoo Public Library. Key elements of this increase are attributable to the continuation of planned capital investment while meeting the bond payment schedule offset by market value losses in the nonexpendable trust, the loss of Single Business Tax revenue, and increased tax refunds.

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

Overall, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions, however, are (1) a new grant funded ONEplace non-profit management support center opened during the year, (2) the cost of tax appeal refunds increased sharply, and (3) medical benefit insurance cost increases were largely offset by conversion of several employee groups to a less expensive medical plan.

Financial Analysis of Kalamazoo Public Library's Funds - As noted earlier, Kalamazoo Public Library used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of Kalamazoo Public Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Kalamazoo Public Library's financing requirements. In particular, unreserved fund balance may serve as a useful measure of Kalamazoo Public Library's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Kalamazoo Public Library's governmental funds reported combined ending fund balances of \$7,798,720, a decrease of \$899,638 in comparison with the prior year. Approximately 12 percent of this total amount, \$928,307, constitutes unreserved, undesignated fund balance, which is available for spending at Kalamazoo Public Library's discretion. The remainder of the fund balance is designated to indicate that it is not available for new spending because it has already been committed (1) to pay debt service (\$136,618), (2) to support cash flow needs for the first half of the following fiscal year (\$2,800,000), (3) to pay for future capital projects (\$1,027,539), (4) designated as a permanent endowment fund for Kalamazoo Public Library (\$2,337,097) with a Children's Endowment (\$16,363), or (5) for a variety of commitments for materials and services as of June 30, 2009 (\$443,481).

The General Fund is the chief operating fund of Kalamazoo Public Library. At the end of the current fiscal year, the unreserved and undesignated fund balance of the General Fund totaled \$826,938 and the total fund balance was \$3,905,774. Unreserved and undesignated fund balance represents 8 percent of total General Fund expenditures.

The fund balance of Kalamazoo Public Library's General Fund decreased by \$74,678 during the current fiscal year. The decrease in fund balance was created by continued investment in capital assets and services to the public, increased pressure upon revenue sources including the refund of taxes due to tax appeals, and continued investment in salaries and benefits.

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The Library's General Fund budget for the fiscal year ended June 30, 2009 projected a net deficiency of revenue and other sources over expenditures of \$452,847, reflecting transfers to the Capital Improvement Plan of \$350,000 to maintain capital assets, the continued repayment of debt, and continuation of services while repaying tax appeals and maintaining services. Losses of Single Business Taxes and interest revenue offset property tax revenue growth while reductions in salaries and benefits due to attrition and retirement were delayed.

Capital Assets and Debt Administration

Capital Assets - Kalamazoo Public Library's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$14,053,983. This investment in capital assets includes land, buildings, furniture and equipment, computer systems, and library materials. The total increase in Kalamazoo Public Library's investment in capital assets for the current fiscal year was 0.7 percent.

Major capital asset events during the current fiscal year included the following: acquisition of RFID (radio frequency identification) equipment, replacement of the Library's delivery van, purchases of grant funded furniture for the ONEplace non-profit management support center, and the replacement of several photocopy machines. Details of Kalamazoo Public Library's capital assets are continued in the notes to the financial statements.

Long-term Debt - At the end of the current fiscal year, Kalamazoo Public Library had total bonded and installment debt outstanding of \$5,300,000, the entirety of which is backed by the full faith and credit of the government.

Additional information on Kalamazoo Public Library's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Kalamazoo Public Library's primary revenue source is local property taxes. It accounts for approximately 90 percent of all Library revenues. The Library's voted millage is applied to all areas within Kalamazoo Public School District, Mattawan and Otsego School Districts within Oshtemo Township, Portage and Comstock School Districts within the City of Kalamazoo, and Comstock School District within Kalamazoo Township.

In May of 2009, voters approved the renewal of 2.7782 mills for 20 years until 2030. The millage was originally approved in 1990 at 2.88 mills and subsequently rolled back through the application of the Headlee Amendment. A second millage of 1.1801 was approved in 1995 and will not expire until 2015.

Kalamazoo Public Library

Management's Discussion and Analysis (Continued)

During fiscal year 2008-2009, Kalamazoo Public Library's total property tax revenue increased by \$347,189 (3.1 percent) including delinquent receipts over the previous year. However, with the exception of grants received for the launch of the ONEplace non-profit management support center, non-recurring insurance reimbursements, and the sale of miscellaneous furniture and equipment, all other sources of revenue decreased from the prior year. The decreased revenue sources included: Single Business Tax revenue terminated in fiscal year 2007-2008 with no replacement revenue source in the current year and decreased interest revenue and District Court Penal Fines.

General Fund expenditures net of revenue increased by \$468,228 over the prior year. Staff salaries and benefit costs increased by over \$339,000 including the addition of a ONEplace non-profit management support center coordinator and increases in total compensation. The Library reduced the impact of those increases with the reduction of several positions after staff retirements during the year. New Library projects included the ONEplace non-profit management support center, made possible by multi-year grants from the Gilmore Foundation and the Kalamazoo Community Foundation, which supports staff, boards, and volunteers working in and with area non-profits through assessments, technical assistance, and referrals. In addition, the Library began the RFID (radio frequency identification) projects during the year, tagging all Library materials and beginning the equipment installation necessary to provide self-check out of materials for our patrons. Other activities during the year included the addition of Internet access capacity for library patrons, the launch of new audio books and e-book programs, and an increased emphasis and investment in movies and music materials availability for patrons. The cost of tax appeal refunds increased dramatically during the year due primarily to a single settlement involving multiple years as did the cost of building repairs associated with two separate insurance reimbursed vehicle accidents causing damage to Central Library.

Looking forward to fiscal year 2009-2010, the Library's Preliminary Budget anticipates no growth in taxable value projects and continued pressures on anticipated State Aid and interest revenue. The Library has made efforts to reduce the growth in medical and other staff benefit costs, reduce staffing through attrition and position consolidations where possible, and generally economize wherever possible. Further efforts are anticipated throughout the year as new economic information becomes available and the completion of the RFID project provides further staffing demand relief. Despite the economic challenges ahead, we anticipate further progress on the re-carpeting of branches next on the schedule, some physical space renovation to improve service delivery and accommodate the RFID technology, and other capital asset maintenance projects as funds allow.

Requests for Information

This financial report is designed to provide a general overview of Kalamazoo Public Library's finances for all those with an interest in Kalamazoo Public Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Head of Financial Services, Kalamazoo Public Library, 315 S. Rose St., Kalamazoo, MI 49007.

Kalamazoo Public Library

Statement of Net Assets June 30, 2009

Assets

Cash	\$	6,209,209
Investments		1,710,106
Accounts receivable:		
Taxes		74,892
Other		157,168
Due from other government units		12,579
Other assets		284,354
Beneficial interest in assets held by the Foundation		55,775
Capital assets:		
Nondepreciable assets - Land		133,173
Depreciable assets:		
Buildings		15,828,755
Furniture, equipment, and automation		3,052,756
Materials		4,195,020
Less accumulated depreciation		<u>(9,155,721)</u>
Total depreciable assets		<u>13,920,810</u>
Total capital assets		<u>14,053,983</u>
Total assets		22,558,066

Liabilities

Current liabilities:		
Accounts payable		274,430
Salaries and wages payable		105,898
Retirement payable		20,146
Compensated absences		244,040
Interest payable		46,167
Retirement liability		54,799
Contracts and bonds payable within one year		1,300,000
Noncurrent liabilities:		
Retirement liability		241,996
Contracts and bonds due in more than one year		<u>4,000,000</u>
Total liabilities		<u>6,287,476</u>

Net Assets

Invested in capital assets - Net of related debt		8,753,983
Nonexpendable restricted for children's endowment		16,363
Nonexpendable restricted for endowment		2,337,097
Restricted for debt service		136,618
Unreserved		<u>5,026,529</u>
Total net assets	\$	<u>16,270,590</u>

Kalamazoo Public Library

Statement of Activities Year Ended June 30, 2009

Program Expenses - Recreational and cultural - Library:

Salaries	\$ 5,172,725
Benefits	2,373,409
Materials	264,470
Utilities	233,396
Supplies	198,865
Facilities management	210,578
Other	2,222,561
Debt service interest	328,282
Depreciation expense	<u>1,212,453</u>

Total program expenses 12,216,739

Program Revenue

Charges for services	147,413
Operating grants and contributions	<u>274,137</u>

Total program revenues 421,550

Net program expenses 11,795,189

General Revenue

Property taxes	11,683,759
State grants	75,077
District court penal fines	305,554
Investment return	(32,312)
Other	213,284
Net loss on sale/disposal of assets	<u>(22,734)</u>

Total general revenue 12,222,628

Change in Net Assets 427,439

Net Assets - Beginning of year 15,843,151

Net Assets - End of year \$ 16,270,590

Kalamazoo Public Library

Governmental Funds Balance Sheet June 30, 2009

	General Fund	Debt Service Fund	Permanent Fund	Capital Improvement Fund	Other Governmental Funds	Totals
Assets						
Cash	\$ 4,091,419	\$ 136,618	\$ 643,406	\$ 1,207,380	\$ 130,386	\$ 6,209,209
Investments	52	-	1,710,054	-	-	1,710,106
Accounts receivable	115,526	-	-	-	41,642	157,168
Taxes receivable - Net of allowances	74,892	-	-	-	-	74,892
Due from other governmental units	12,579	-	-	-	-	12,579
Other assets	284,354	-	-	-	-	284,354
Beneficial interest in assets held by Foundation	-	-	-	-	55,775	55,775
Total assets	<u>\$ 4,578,822</u>	<u>\$ 136,618</u>	<u>\$ 2,353,460</u>	<u>\$ 1,207,380</u>	<u>\$ 227,803</u>	<u>\$ 8,504,083</u>
Liabilities						
Accounts payable	\$ 368,159	\$ -	\$ -	\$ 30,696	\$ 1,619	\$ 400,474
Accrued vacation	244,040	-	-	-	-	244,040
Deferred revenue	60,849	-	-	-	-	60,849
Total liabilities	673,048	-	-	30,696	1,619	705,363
Fund Balance						
Reserved for:						
Encumbrances	15,029	-	-	149,145	15,500	179,674
Endowment	-	-	2,353,460	-	-	2,353,460
Prepays	263,807	-	-	-	-	263,807
Debt Service	-	136,618	-	-	-	136,618
Unreserved and designated reported in:						
General Fund	2,800,000	-	-	-	-	2,800,000
Debt Service Fund	-	-	-	-	-	-
Capital Improvement Projects	-	-	-	1,027,539	-	1,027,539
Special Revenue Funds	-	-	-	-	109,315	109,315
Unreserved and undesignated reported in:						
General Fund	826,938	-	-	-	-	826,938
Special Revenue Funds	-	-	-	-	101,369	101,369
Total fund balance	<u>3,905,774</u>	<u>136,618</u>	<u>2,353,460</u>	<u>1,176,684</u>	<u>226,184</u>	<u>7,798,720</u>
Total liabilities and fund balance	<u>\$ 4,578,822</u>	<u>\$ 136,618</u>	<u>\$ 2,353,460</u>	<u>\$ 1,207,380</u>	<u>\$ 227,803</u>	

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 therefore are not reported in the funds	14,053,983
Other long-term revenues, not available in the current period, are deferred in the funds	60,849
Accrued interest payable does not require recognition in the governmental funds	(46,167)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(5,596,795)
Net assets of governmental funds	<u>\$ 16,270,590</u>

Kalamazoo Public Library

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended June 30, 2009

	General Fund	Debt Service Fund	Permanent Fund	Capital Improvement Fund	Other Governmental Funds	Totals
Revenues						
Property taxes	\$ 11,683,759	\$ -	\$ -	\$ -	\$ -	\$ 11,683,759
State grants	75,077	-	-	-	-	75,077
Charges for services	147,413	-	-	-	-	147,413
District court penal fines	305,554	-	-	-	-	305,554
Investment return	53,245	6,295	(106,225)	10,594	3,779	(32,312)
Other	366,884	-	836	2,500	117,351	487,571
Total revenues	12,631,932	6,295	(105,389)	13,094	121,130	12,667,062
Expenditures						
Recreational and cultural:						
Salaries	5,095,990	-	-	-	-	5,095,990
Benefits	2,373,409	-	-	-	-	2,373,409
Materials	1,085,836	-	-	-	44,370	1,130,206
Utilities	233,396	-	-	-	-	233,396
Supplies	198,865	-	-	-	-	198,865
Facilities management	307,843	-	-	-	-	307,843
Other	1,497,099	-	9,158	-	26,367	1,532,624
Capital outlay	-	-	-	1,060,859	-	1,060,859
Debt service:						
Principal	-	1,295,000	-	-	-	1,295,000
Interest	-	338,508	-	-	-	338,508
Total expenditures	10,792,438	1,633,508	9,158	1,060,859	70,737	13,566,700
Excess (Deficiency) of Revenues Over Expenditures	1,839,494	(1,627,213)	(114,547)	(1,047,765)	50,393	(899,638)
Other Financing Sources (Uses)						
Operating transfers in	20,828	1,585,000	-	387,349	826	1,994,003
Operating transfers out	(1,935,000)	-	(41,649)	-	(17,354)	(1,994,003)
Total other financing sources (uses)	(1,914,172)	1,585,000	(41,649)	387,349	(16,528)	-
Net Change in Fund Balances	(74,678)	(42,213)	(156,196)	(660,416)	33,865	(899,638)
Fund Balances - Beginning of year	3,980,452	178,831	2,509,655	1,837,100	192,320	8,698,358
Fund Balances - End of year	\$ 3,905,774	\$ 136,618	\$ 2,353,459	\$ 1,176,684	\$ 226,185	\$ 7,798,720
Net Change in Fund Balances - Total Governmental Funds						\$ (899,638)
Amounts reported for governmental activities in the statement of activities are different because:						
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense:						
Depreciation						(1,212,453)
Additions						1,333,923
Net effect of disposals						(22,734)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, net effect of change in deferred revenue						(150)
Change in accrued interest on bonds and assessments payable are not reported in the governmental fund statements						10,226
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets						1,295,000
Increase in the amount of retirement payable balances increases the amount of salary expense during the year						(76,735)
Change in Net Assets of Governmental Activities						\$ 427,439

Kalamazoo Public Library

Notes to Financial Statements June 30, 2009

Note I - Summary of Significant Accounting Policies

The accounting policies of Kalamazoo Public Library, Michigan (the "Library") conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

Reporting Entity

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing relationships. These basic financial statements contain only the activity of Kalamazoo Public Library, a district library pursuant to 1989 PA 24, effective April 2, 1990. The participating municipalities include the City of Kalamazoo, Kalamazoo Township, Oshtemo Township, and a portion of Texas Township. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Library. The effect of all interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants 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 meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Note I - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the nonexpendable trust fund financial statements. Revenues are 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally 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.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The government reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The Capital Improvement Fund accounts for the capital improvements of the Library.

Note I - Summary of Significant Accounting Policies (Continued)

- The Permanent Fund accounts for resources legally held in trust, as an endowment, that are legally restricted to the extent that only earnings, and not principal, may be used to support the Library's programs.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity period of three months or less when acquired. Investments are stated at fair value. Pooled investment income is proportionately allocated to all funds.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax receivables are presented net of an allowance for uncollectible accounts.

Other Assets - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported as prepaid items in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Note I - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-50 years
Equipment	3-20 years
Materials	5-7 years

Compensated Absences (Vacation and Sick Leave) - Vacation leave is accrued as the benefits are earned by the employees and is vested by the employee up to a maximum balance determined by longevity and employee class. At termination of employment, employees are compensated for the balance accrued. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Sick leave benefits accumulate, but do not vest and are not payable upon termination of employment. No liability is reported for unpaid accumulated sick leave.

Retirement Benefits - The Library provides employees a benefit to accumulate hours based on contract and years of service to be paid out at retirement. The earned benefit is accrued as a long-term liability in the government-wide financial statements.

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. Designations of fund balance represent tentative management plans that are subject to change.

Restricted/Unrestricted Resources - When expenses are incurred for which both restricted and unrestricted resources are available, it is the Library's policy to first apply restricted resources.

Property Taxes - Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1 of the following year. These taxes are due on February 15 with the final collection date of February 28 before they are added to the county tax rolls.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2008 taxable valuation of the participating municipalities totaled \$3,008 million before adjustments, on which taxes levied consisted of 3.9583 mills for operating purposes. This resulted in approximately \$11.7 million for General Fund operations. This amount was reported in the General Fund as tax revenue.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library also maintains an endowment investment policy which allows investments held within the endowment to be invested in all investment vehicles listed above and also allows for investments in securities traded on major U.S. exchanges. The Board of Trustees of Kalamazoo Public Library authorizes the local unit to invest in bonds, securities, and other direct obligations of the United States or any agency.

Deposits

Custodial Credit Risk of Bank Deposits

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. At year end, the Library had \$1,160,659 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Library believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Kalamazoo Public Library

Notes to Financial Statements
June 30, 2009

Note 2 - Deposits and Investments (Continued)

Investments

The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Library's cash and investments are subject to several types of risk, which are examined in more detail below:

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Library's investment policies do not restrict investment maturities, except for within the investment policy relating to the operating funds, and commercial paper which can only be purchased with a 270-day maturity.

	Fair Market Value	Less than One Year	One to Five Years	More than Five Years
Corporate bonds	\$ 147,345	\$ -	\$ 147,345	\$ -
Government bonds	107,000	-	107,000	-
Total	<u>\$ 254,345</u>	<u>\$ -</u>	<u>\$ 254,345</u>	<u>\$ -</u>

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library's operating investment policy does not further limit its investment choices. The Library's endowment investment policy limits the purchases to a credit rating of A or better at the time of purchase by Moody's or Standard & Poor's.

	Fair Market Value	Credit Risk Rating
Corporate bonds	\$ 147,345	A Standard & Poor's
Government bonds	107,000	AAA Standard & Poor's
Total	<u>\$ 254,345</u>	

Note 3 - Monies Held by Foundation

Amounts shown as beneficial interest in assets held by the Foundation represent monies placed with the Kalamazoo Community Foundation (the "Foundation") by the Library, specifying itself as the beneficiary. The Library and the Foundation are unrelated entities. The Library has the right, at any time, to request from the Foundation all or a portion of the current balance of such monies held by the Foundation. The Foundation, as custodian of such funds, continues to report the funds as assets of the Foundation, with a corresponding liability, agency non-endowed funds. The Library reports this asset at the present value of future payments expected to be received. The balance of these funds as of June 30, 2009 was \$55,775.

Additionally, funds for the benefit of the Library have been established at the Foundation for the receipt of gifts from donors other than the Library. The terms of these funds allow annual distributions of gifts and/or income thereon, subject to the Foundation's unilateral variance power to redirect distributions. No asset is recorded for these funds, other than the annual grant (if any). The balance in these funds as of June 30, 2009 was \$32,414.

Note 4 - Endowment

The assets restricted for endowment consist of contributions of \$2,000,693 and investment return of \$352,767, totaling \$2,353,460, none of which is available for expenditure. Beginning July 1, 2007, up to 50 percent of the earned income or capital growth of the fund may be designated for current project expenditures or reserved for future project expenditures, which will be determined by the endowment allocation committee. The State of Michigan has not implemented law that limits the ability to spend net appreciation.

Note 5 - Receivables

All receivables as of year end for the government's individual major and nonmajor funds are current. Taxes receivable are net of allowances for doubtful accounts of \$39,710.

Kalamazoo Public Library

Notes to Financial Statements June 30, 2009

Note 6 - Capital Assets

Capital asset activity of the Library for the current year was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets not being depreciated - Land	\$ 133,173	\$ -	\$ -	\$ 133,173
Capital assets being depreciated:				
Buildings	15,828,755	-	-	15,828,755
Furniture, equipment, and automation	2,826,156	468,187	241,587	3,052,756
Materials	3,912,284	865,736	583,000	4,195,020
Subtotal	22,567,195	1,333,923	824,587	23,076,531
Accumulated depreciation:				
Buildings	4,266,742	397,198	-	4,663,940
Furniture, equipment, and automation	2,369,889	160,352	218,853	2,311,388
Materials	2,108,490	654,903	583,000	2,180,393
Subtotal	8,745,121	1,212,453	801,853	9,155,721
Net capital assets being depreciated	13,822,074	121,470	22,734	13,920,810
Net capital assets	<u>\$ 13,955,247</u>	<u>\$ 121,470</u>	<u>\$ 22,734</u>	<u>\$ 14,053,983</u>

Depreciation expense was \$1,212,453 for the year ended June 30, 2009.

Kalamazoo Public Library

Notes to Financial Statements June 30, 2009

Note 7 - Long-term Debt

Long-term debt at June 30, 2009 is comprised of the following individual issues:

\$13,300,000 1996 Library facility limited tax general obligation bonds, due in annual installments of \$425,000 to \$1,000,000, beginning May 1, 1999 through May 1, 2014, interest payable at 3.9 percent to 5.4 percent	\$ 5,000,000
\$1,250,000 2002 Library facility limited tax general obligation bonds, due in annual installments of \$25,000 to \$300,000, beginning May 1, 2003 through May 1, 2010, interest payable at 3 percent to 4 percent	<u>300,000</u>
Total	5,300,000
Less current maturities	<u>1,300,000</u>
Total long-term debt	<u>\$ 4,000,000</u>

Long-term obligation activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
1996 limited tax bonds	\$ 6,000,000	\$ -	\$ (1,000,000)	\$ 5,000,000	\$ 1,000,000
2002 limited tax bonds	<u>595,000</u>	<u>-</u>	<u>(295,000)</u>	<u>300,000</u>	<u>300,000</u>
Total long-term debt	6,595,000	-	(1,295,000)	5,300,000	1,300,000
Retirement liability	<u>220,060</u>	<u>76,735</u>	<u>-</u>	<u>296,795</u>	<u>54,799</u>
Total long-term obligations	<u>\$ 6,815,060</u>	<u>\$ 76,735</u>	<u>\$ (1,295,000)</u>	<u>\$ 5,596,795</u>	<u>\$ 1,354,799</u>

Kalamazoo Public Library

Notes to Financial Statements June 30, 2009

Note 7 - Long-term Debt (Continued)

Debt service requirements at June 30, 2009 were as follows:

Years Ending June 30	Principal	Interest
2010	\$ 1,300,000	\$ 277,000
2011	1,000,000	214,000
2012	1,000,000	162,000
2013	1,000,000	108,000
2014	1,000,000	54,000
Total	<u>\$ 5,300,000</u>	<u>\$ 815,000</u>

Note 8 - Interfund Receivables, Payables, and Transfers

A summary of interfund transfers for the year ended June 30, 2009 is as follows:

Fund	Transfer In	Fund	Transfer Out
Debt Service	\$ 1,585,000	General	\$ 1,585,000
Capital Improvement	37,349	Endowment	37,349
Capital Improvement	350,000	General	350,000
General	17,354	Other governmental	17,354
General	4,300	Endowment	4,300
Total	<u>\$ 1,994,003</u>	Total	<u>\$ 1,994,003</u>

In 2009, transfers totaling \$1,994,003 were used to finance debt requirements and capital asset acquisitions.

Kalamazoo Public Library

Notes to Financial Statements June 30, 2009

Note 9 - Fund Equity

Reserved/designated fund equity:

General Fund - Designated for cash flow	\$ 2,800,000
Permanent Fund:	
Reserved for Kalamazoo Public Library Endowment	\$ 2,337,097
Reserved for Children's Endowment	<u>16,363</u>
Total	<u>\$ 2,353,460</u>

Note 10 - Defined Benefit Retirement Plans

Available Plans and Covered Employees

Library employees who participated in the Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing, multiple-employer public school employee defined benefit plan, while being employees of the school district, are allowed by statute to continue their participation in the MPSERS or to elect to participate in the Municipal Employees' Retirement System (MERS), an agent multiple-employer public employee defined benefit plan. New employees of the Library, as of April 2, 1990, can only participate in the MERS.

MPSERS

Plan Description

MPSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Article 30 of the Regulations of the State of Michigan assigns the authority to establish and amend benefit provisions to the MPSERS board of trustees. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to MPSERS, P.O. Box 30673, Lansing, Michigan 48909-8103 or by calling 1-800-381-5111.

Funding Policy

For the current fiscal year, the Library was required to contribute 16.54 percent of its annual covered payroll to the plan. The contribution requirements of the plan members are established, and may be amended, by the MPSERS board of trustees. The Library's contributions to the plan for the years ended June 30, 2009, 2008, and 2007 were \$314,140, \$312,557, and \$269,250, respectively, equal to the required contributions for each year.

Note 10 - Defined Benefit Retirement Plans (Continued)

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for health, dental, and vision coverages. Required contributions for postemployment healthcare benefits are included as part of the Library's total contribution to the MPSERS plan discussed above.

MERS

Description of Plan and Plan Assets

The Library's defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Library's defined benefit pension plan is affiliated with the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for municipalities in Michigan. Public Act 220 of 1996 of the State of Michigan assigns the authority to establish and amend the benefit provisions to Kalamazoo Public Library. The MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling 1-800-767-6377.

Funding Policy

MERS members are required to contribute an amount varying from 0.0 percent to 10.0 percent, depending upon which plan they fall under. The Library is required to contribute at an actuarially determined rate, which is currently 7.74 percent to 12.17 percent of annual covered payroll depending on the plan. The contribution requirements of plan members are established, and may be amended, by MERS.

Kalamazoo Public Library

Notes to Financial Statements June 30, 2009

Note 10 - Defined Benefit Retirement Plans (Continued)

For the year ended June 30, 2009, the Library's contributions were \$242,417, which were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2006. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level of percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit. Significant actuarial assumptions used included (a) an 8.0 percent long-term net investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) 2.5 percent per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Trend Information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 146,524	100%	\$ -
2006	161,256	100%	-
2007	182,478	100%	-
2008	220,410	100%	-
2009	242,417	100%	-

Actuarial valuation as of December 31:

	2006	2007	2008
Actuarial value of assets	\$ 1,822,676	\$ 2,160,042	\$ 2,495,725
Actuarial accrued liability (AAL) (entry age)	2,280,301	2,683,874	3,276,122
Unfunded (overfunded) AAL (UAAL)	457,625	523,832	780,397
Funded ratio	80%	80%	76%
Covered payroll	\$ 1,967,043	\$ 2,198,108	\$ 2,420,624
UAAL as a percentage of covered payroll	23%	24%	32%

Note 11 - Stewardship, Compliance, and Accountability

The annual budget is prepared by the Library director and adopted by the Library board of trustees; subsequent amendments are approved by the Library board of trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

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

The budget statement (budgetary comparison schedule - General Fund) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a functional level; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. There were no significant budget overruns during the year ended June 30, 2009.

Note 12 - Upcoming Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The Library is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the Library's 2010 fiscal year end. This Statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The Library is currently evaluating the impact this standard will have on the financial statements when adopted.

Required Supplemental Information

Kalamazoo Public Library

Budgetary Comparison Schedule - General Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Property taxes	\$ 11,740,080	\$ 11,660,925	\$ 11,683,759	\$ 22,834
State grants	42,500	96,367	75,077	(21,290)
Charges for services	157,000	130,000	147,413	17,413
District court penal fines	305,000	305,000	305,554	554
Investment return	-	50,000	53,245	3,245
Other	272,600	363,729	366,884	3,155
Total revenue	12,517,180	12,606,021	12,631,932	25,911
Expenditures - Recreational and cultural:				
Salaries	5,118,246	5,143,594	5,095,990	47,604
Benefits	2,323,170	2,378,575	2,373,409	5,166
Materials	1,177,215	1,156,682	1,085,836	70,846
Utilities	230,093	237,093	233,396	3,697
Supplies	222,745	223,397	198,865	24,532
Facilities management	322,282	364,025	307,843	56,182
Other	1,539,625	1,641,329	1,497,099	144,230
Total expenditures	10,933,376	11,144,696	10,792,438	352,258
Excess of Revenue Over Expenditures	1,583,804	1,461,325	1,839,494	378,169
Other Financing Sources (Uses)				
Operating transfers in	4,300	20,828	20,828	-
Operating transfers out	(2,135,000)	(1,935,000)	(1,935,000)	-
Total other financing uses	(2,130,700)	(1,914,172)	(1,914,172)	-
Net Changes in Fund Balance	(546,896)	(452,847)	(74,678)	378,169
Fund Balance - Beginning of year	3,980,452	3,980,452	3,980,452	-
Fund Balance - End of year	\$ 3,433,556	\$ 3,527,605	\$ 3,905,774	\$ 378,169

Other Supplemental Information

Kalamazoo Public Library

Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2009

	Special Revenue Funds			Total Non- major Governmental Funds
	Agency Gifts	Ready to Read	Gifts and Memorials	
Assets				
Cash	\$ 73,065	\$ 48,649	\$ 8,672	\$ 130,386
Grants receivable	-	-	41,644	41,644
Beneficial interest in assets held by Foundation	55,774	-	-	55,774
Total assets	<u>\$ 128,839</u>	<u>\$ 48,649</u>	<u>\$ 50,316</u>	<u>\$ 227,804</u>
Liabilities - Accounts payable	\$ 1,181	\$ 197	\$ 241	\$ 1,619
Fund Balance - Unreserved				
Designated	55,774	27,400	41,642	124,816
Undesignated	71,884	21,052	8,433	101,369
Total fund balance	<u>127,658</u>	<u>48,452</u>	<u>50,075</u>	<u>226,185</u>
Total liabilities and fund balance	<u>\$ 128,839</u>	<u>\$ 48,649</u>	<u>\$ 50,316</u>	<u>\$ 227,804</u>

Kalamazoo Public Library

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2009

	Special Revenue Funds			Total Non- major Governmental Funds
	Agency Gifts	Ready to Read	Gifts and Memorials	
Revenues				
Investment return	\$ 3,065	\$ 552	\$ 162	\$ 3,779
Other	29,914	37,919	49,518	117,351
Total revenue	32,979	38,471	49,680	121,130
Expenditures - Recreational and cultural				
Materials	81	38,923	5,366	44,370
Other	22,897	3,470	-	26,367
Total expenditures	22,978	42,393	5,366	70,737
Excess of Revenue Over (Under) Expenditures	10,001	(3,922)	44,314	50,393
Other Financing Uses - Operating transfer out	(5,383)	-	(11,145)	(16,528)
Net Change in Fund Balance	4,618	(3,922)	33,169	33,865
Fund Balance - Beginning of year	123,040	52,374	16,906	192,320
Fund Balance - End of year	\$ 127,658	\$ 48,452	\$ 50,075	\$ 226,185