

GALIEN TOWNSHIP PUBLIC LIBRARY

GALIEN, MICHIGAN

FINANCIAL STATEMENTS

Year ended March 31, 2009

GALIEN TOWNSHIP PUBLIC LIBRARY

GALIEN, MICHIGAN

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FINANCIAL STATEMENTS

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GALIEN TOWNSHIP PUBLIC LIBRARY

GALIEN, MICHIGAN

BOARD OF TRUSTEES

Kay Longacre	-	President
Joyce Hickok	-	Vice-President
Corrinne Rock	-	Secretary
Linda Doyle	-	Treasurer
Alfred Gluth	-	Trustee
Paul Palmer	-	Trustee



SCARPONE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

June 10, 2009

Members of the Board of Trustees
Galien Township Public Library
Galien, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of Galien Township Public Library (the "Library") as of and for the year ended March 31, 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Galien Township Public 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 our audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 financial position of the governmental activities and the major fund of Galien Township Public Library as of March 31, 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.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents are not a required part of the basic financial statements but is 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.

Scarpone & Co., P.C.

GALIEN TOWNSHIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2009

Galien Township Public Library, located in Galien Township, Berrien County, Michigan, is reporting financial statements that meet the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34). The two primary elements involved in meeting these requirements are the addition of a Management's Discussion and Analysis and the reporting of all capital assets and depreciation of such assets.

Using this Report

This report consists of three parts - management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include information that presents two different perspectives of the Library as follows:

Fund level financial statements - The first column of the financial statements includes information about the Library's General Fund reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. Further, in the fund level financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. Additionally, the issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are reported as expenditures. Future year's debt obligations are not recorded.

Government-Wide financial statements - The third column of the financial statements includes information about the Library reported on a full accrual basis. These statements report all of the Library's assets and liabilities, both short-term and long-term, regardless if they are "currently available" or not. The statement of net assets and the statement of activities provide information about the activities of the Library as a whole, and therefore, present a longer-term view of the Library's financial status. These financial statements report how Library services were financed in the short-term as well as what remains for future spending.

The adjustments column of the financial statements represents adjustments necessary to convert the fund level financial statements to the government-wide financial statements under the full accrual method. Additionally, the financial statements include "notes to basic financial statements" that further explain some of the information contained in the financial statements and provide more detailed information and disclosure. The basic financial statements are followed by a section of required supplementary information that further explains and supports the information presented in the basic financial statements.

GALIEN TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONTINUED

March 31, 2009

Condensed Financial Information

The table below presents key financial information in a condensed format for the year ended March 31, 2009.

	<u>(In thousands)</u>
Current assets	\$ 191.1
Capital assets	<u>381.1</u>
Total assets	<u>572.2</u>
Current liabilities	<u>2.3</u>
Net assets:	
Unrestricted	188.8
Invested in capital assets	<u>381.1</u>
Total net assets	<u>\$ 569.9</u>
Revenues:	
Property taxes	\$ 50.5
County penal fines	30.6
Other	<u>9.2</u>
	90.3
Expenditures - Library services	<u>64.0</u>
Change in net assets	<u>\$ 26.3</u>

GALIEN TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS-CONCLUDED

March 31, 2009

Overall Financial Position

The Library's primary source of revenue is from property taxes and penal fines. For the year ended March 31, 2009, total tax collections were \$50,571 and total penal fines remitted totaled \$30,571, representing 56% and 34% of total revenues, respectively.

Salaries, related payroll taxes and fringe benefits are the largest overall expenditures of the Library. For the year ended March 31, 2009, these expenditures totaled \$23,115, representing 36% of the Library's total expenditures.

Library materials, which includes books, audio books, videos and periodicals, were the second largest overall expenditures of the Library. These expenditures totaled \$9,329, representing approximately 14% of the Library's total expenditures.

For the year ended March 31, 2009, the Library incurred \$20,238 in capital assets expenditures, of which \$10,670 were for building completion costs and \$9,568 were for equipment and furnishings.

Library Budget

During the course of the fiscal year, the Library Board periodically compared actual to expected amounts in the revenue and expense accounts and determined there were no significant variations. As a result, the Library Board did not amend the original budget.

Contacting the Library's Financial Management

This financial report is intended to provide our citizens and taxpayers with a general overview of the Library's finances. If you have any questions about this report or need additional information, please contact the Galien Township Public Library for assistance.

GALIEN TOWNSHIP PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET
AND
STATEMENT OF NET ASSETS

March 31, 2009

<u>ASSETS</u>	<u>General Fund Modified Accrual Basis</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and cash equivalents	\$ 70,170	\$ -	\$ 70,170
Investments	110,765	-	110,765
Taxes receivable	10,161	-	10,161
Capital assets	<u>-</u>	<u>381,133</u>	<u>381,133</u>
TOTAL ASSETS	\$ <u>191,096</u>	\$ <u>381,133</u>	\$ <u>572,229</u>
 <u>LIABILITIES</u>			
LIABILITIES:			
Accounts payable	\$ 1,349	-	1,349
Payroll taxes payable	<u>966</u>	<u>-</u>	<u>966</u>
TOTAL LIABILITIES	<u>2,315</u>	<u>-</u>	<u>2,315</u>
 <u>FUND BALANCES / NET ASSETS</u>			
FUND BALANCES:			
Undesignated	<u>188,781</u>	<u>(188,781)</u>	<u>-</u>
TOTAL FUND BALANCES	<u>188,781</u>	<u>(188,781)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>191,096</u>		
 NET ASSETS:			
Invested in capital assets			381,133
Unrestricted			<u>188,781</u>
TOTAL NET ASSETS			\$ <u>569,914</u>

See accompanying notes to basic financial statements.

GALIEN TOWNSHIP PUBLIC LIBRARY

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES**

Year ended March 31, 2009

	<u>General Fund Modified Accrual Basis</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
Property taxes	\$ 50,571	\$ -	\$ 50,571
State-shared revenue	2,090	-	2,090
County penal fines	30,571	-	30,571
Charges for services	1,300	-	1,300
Interest	3,492	-	3,492
Donations	<u>2,322</u>	<u>-</u>	<u>2,322</u>
TOTAL REVENUES	<u>90,346</u>	<u>-</u>	<u>90,346</u>
EXPENDITURES:			
Payroll and related taxes	23,115	-	23,115
Utilities	5,285	-	5,285
Office supplies	2,255	-	2,255
Postage and delivery	287	-	287
Computer software	898	-	898
Repairs and maintenance	3,145	-	3,145
Insurance	3,012	-	3,012
Professional fees	1,795	-	1,795
Memberships	200	-	200
Library materials	9,329	-	9,329
Program expenses	886	-	886
Licenses and permits	276	-	276
Transportation	203	-	203
Equipment rental	175	-	175
Miscellaneous	121	-	121
Capital outlay	23,473	(20,238)	3,235
Depreciation	<u>-</u>	<u>9,827</u>	<u>9,827</u>
TOTAL EXPENDITURES	<u>74,455</u>	<u>(10,411)</u>	<u>64,044</u>
EXCESS OF REVENUES OVER EXPENDITURES / CHANGE IN NET ASSETS	15,891	10,411	26,302
FUND BALANCE / NET ASSETS, BEGINNING OF YEAR	<u>172,890</u>	<u>370,722</u>	<u>543,612</u>
FUND BALANCE / NET ASSETS, END OF YEAR	\$ <u>188,781</u>	\$ <u>381,133</u>	\$ <u>569,914</u>

See accompanying notes to basic financial statements.

GALIEN TOWNSHIP PUBLIC LIBRARY
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Galien Township Public Library ("Library") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant policies adopted by the Library are as follows:

REPORTING ENTITY:

Galien Township Public Library is located in Galien, Michigan and provides library services to residents in Galien, Bertrand and Weesaw Townships. The Library was established pursuant to MCLA 397.210 as an authority. The Library is a separate legal entity, however the Library cannot issue debt nor levy taxes without Township approval. It is operated as a free cooperative public library, and is governed by a six member board elected by the citizens of Galien Township.

BASIS OF PRESENTATION:

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Government-Wide Financial Statements (i.e., the Statement of Net Assets and the Statement of Activities) and Fund Financial Statements. The government-wide and fund financial statements are combined, with a reconciliation shown between them.

The Library has one fund, the General Fund, which is the Library's operating fund.

The General Fund is budgeted and accounted for using the current financial resources measurement and the modified accrual basis of accounting. Revenue is recognized 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

COMPENSATING ABSENCES:

The Library's personnel policies do not permit the accumulation and carryforward of vacation and sick days. Accordingly, no accrual has been recorded by the Library at March 31, 2009 for compensated absences, since such amounts are not material.

TAX INFORMATION:

Property tax revenues are recognized based on the date of tax levy (December 1).

GALIEN TOWNSHIP PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

For the year ended March 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED:

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are recorded at cost and include cash investments with an original maturity of three months or less.

CAPITAL ASSETS:

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Building	50
General furnishings & equipment	10 - 20
Computers & related equipment	5

Library materials were determined to have generally exceeded their estimated useful lives and therefore are fully depreciated. Such assets are not reflected in the statement of net assets.

The minimum capitalization threshold is any item with a total cost greater than \$250.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

ESTIMATES:

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

GALIEN TOWNSHIP PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

For the year ended March 31, 2009

NOTE B - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consisted of the following at March 31, 2009:

Petty cash	\$	77
Deposits in financial institutions		<u>70,093</u>
	\$	<u>70,170</u>

On October 3, 2008, the United States Congress temporarily increased Federal Deposit Insurance Corporation (FDIC) deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2009. The above deposits in financial institutions of \$70,093 were reflected in the accounts of the Library's financial institutions (without recognition of checks written but not yet cleared, or of deposits in transit) at \$71,758. There were no uninsured cash balances as of March 31, 2009.

NOTE C - INVESTMENTS:

Investments consist of certificates of deposit in financial institutions with an original maturity of greater than three months. The balance held at March 31, 2009 was \$110,765, all of which was covered by federal depository insurance.

NOTE D- RISK MANAGEMENT:

The Library maintains commercial insurance to insure potential significant losses. There have been no significant reductions in insurance coverage by the Library for the year ended March 31, 2009.

GALIEN TOWNSHIP PUBLIC LIBRARY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Year ended March 31, 2009

NOTE E - CAPITAL ASSETS:

Capital asset activity of the Library for the year ended March 31, 2009 was as follows:

	<u>Balance</u> <u>March 31,</u> <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31,</u> <u>2009</u>
Assets not being depreciated:				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Construction in progress	339,856	-	339,856	-
	<u>363,856</u>	<u>-</u>	<u>339,856</u>	<u>24,000</u>
Capital assets being depreciated:				
Building	43,410	350,526	-	393,936
General furnishings & equipment	15,813	1,618	-	17,431
Computers & related equipment	11,321	7,950	-	19,271
	<u>70,544</u>	<u>360,094</u>	<u>-</u>	<u>430,638</u>
Accumulated depreciation:				
Building	42,531	7,090	-	49,621
General furnishings & equipment	10,295	2,343	-	12,638
Computers & related equipment	10,852	394	-	11,246
	<u>63,678</u>	<u>9,827</u>	<u>-</u>	<u>73,505</u>
Net capital assets being depreciated	<u>6,866</u>	<u>350,267</u>	<u>-</u>	<u>357,133</u>
Net capital assets	<u>\$ 370,722</u>	<u>\$ 350,267</u>	<u>\$ 339,856</u>	<u>\$ 381,133</u>

GALIEN TOWNSHIP PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS - CONCLUDED

For the year ended March 31, 2009

NOTE F - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Total fund balance and the net change in fund balance of the Library's General Fund could differ from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities. The difference primarily may result from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - modified accrual basis	\$	188,781
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Amounts reported in the Statement of Net Assets are different because:

Capital assets are not financial resources, and are not reported in the funds		381,133
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Net Assets of General Fund - full accrual basis	\$	569,914
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Net Changes in Fund Balance - modified accrual basis	\$	15,891
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Amounts reported in the Statement of Activities are different because:

Capital outlays are reported as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay		20,238
Depreciation		(9,827)

Change in Net Assets of General Fund - full accrual basis	\$	26,302
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REQUIRED SUPPLEMENTARY INFORMATION

GALIEN TOWNSHIP PUBLIC LIBRARY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year ended March 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 48,000	\$ 48,000	\$ 50,571	\$ 2,571
State-shared revenues	2,000	2,000	2,090	90
County penal fines	29,500	29,500	30,571	1,071
Charges for services	1,000	1,000	1,300	300
Interest	3,182	3,182	3,492	310
Donations	2,750	2,750	2,322	(428)
TOTAL REVENUES	<u>86,432</u>	<u>86,432</u>	<u>90,346</u>	<u>3,914</u>
EXPENDITURES:				
Advertising	150	150	-	150
Payroll and related taxes	24,000	24,000	23,115	885
Utilities	5,940	5,940	5,285	655
Office supplies	1,400	1,400	2,255	(855)
Postage and delivery	400	400	287	113
Computer software	1,000	1,000	898	102
Repairs and maintenance	2,900	2,900	3,145	(245)
Insurance	3,400	3,400	3,012	388
Professional fees	5,000	5,000	1,795	3,205
Memberships	1,000	1,000	200	800
Library materials	9,200	9,200	9,329	(129)
Program expenses	1,750	1,750	886	864
Licenses and permits	125	125	276	(151)
Transportation	300	300	203	97
Equipment rental	175	175	175	-
Miscellaneous	630	630	121	509
Capital outlay	23,700	23,700	23,473	227
TOTAL EXPENDITURES	<u>81,070</u>	<u>81,070</u>	<u>74,455</u>	<u>6,615</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,362	5,362	15,891	10,529
FUND BALANCE, BEGINNING OF YEAR	<u>172,890</u>	<u>172,890</u>	<u>172,890</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 178,252</u>	<u>\$ 178,252</u>	<u>\$ 188,781</u>	<u>\$ 10,529</u>

See auditor's report and accompanying notes to basic financial statements.



SCARPONE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

June 10, 2009

Members of the Board of Trustees
Galien Township Public Library
Galien, Michigan

We have audited the financial statements of Galien Township Public Library for the year ended March 31, 2009, and have issued our report thereon dated June 10, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Galien Township Public Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Galien Township Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts. However, the objective of our tests was not to provide an opinion of compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you per our engagement letter.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Galien Township Public Library are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Galien Township Public Library during the year for which there is lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factor assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2009.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Galien Township Public Library's auditors. However, these discussions occurred in the normal course of our professional relationship and none of the matters discussed resulted in a condition of our retention as auditors.

Difficulties Encountered in Performing the Audit

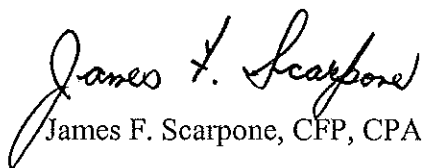
We encountered no difficulties in dealing with management in performing and completing our audit.

This letter is intended for the use of the Members of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to you. As always, should you have any questions, please don't hesitate to contact us.

Sincerely,

SCARPONE & CO., P.C.

A handwritten signature in cursive script that reads "James F. Scarpone". The signature is written in black ink and is positioned above the printed name.

James F. Scarpone, CFP, CPA, CVA



SCARPONE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

June 10, 2009

Members of the Board of Trustees
Galien Township Public Library
Galien, Michigan

In planning and performing our audit of the financial statements of Galien Township Public Library as of and for the year ended March 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Journal Entries Identified During the Audit

Certain adjustments were made during the course of the audit and were recorded as adjusting journal entries. The Library maintains its books on the cash basis, and accordingly, adjusting journal entries were required to convert from the cash basis to the modified accrual basis of accounting for the financial statements.

Segregation of Duties

The Library's system of internal controls is affected by the limited size of the Library. Accordingly, the Library cannot enact a complete segregation of all aspects of each transaction due to the nature of the Library's limited size. Accordingly, we recommend that the Library Board of Trustees recognize and understand these circumstances when performing their oversight responsibilities.

Preparation of Financial Statements in Accordance with GAAP

Governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Library's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e. maintaining internal books and records), and (2) reporting financial statements, including the related footnotes.

As is the case with entities of similar size, the Library has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Library's ability to prepare financial statements in accordance with GAAP is based in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Library's internal controls.

The cause for this condition is simply because it is more cost effective to outsource the preparation of the Library's annual financial statements to the independent auditors, rather than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally.

As a result of this condition, the employees and/or management do not possess the qualifications necessary to prepare the Library's annual financial statements and notes to the financial statements in accordance with GAAP. Accordingly, the Library relies on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP.

We do not recommend any changes to this situation at this time and we communicate this to you solely as required by professional standards.

SUMMARY

These conditions were considered in determining the nature, timing and extent of the audit procedures that were applied in our audit of the Library's financial statements and this communication to you of these matters does not affect our report on the Library's financial statements for the year ended March 31, 2009.

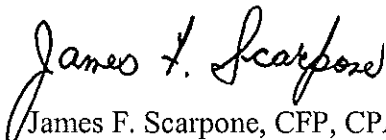
We welcome any questions regarding the foregoing comments and we would be happy to discuss these or any other questions that you may have at your convenience.

This letter is intended solely for the use of the Members of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate and thank the Library's staff for their cooperation and assistance during this year's audit.

Sincerely,

SCARPONE & CO., P.C.



James F. Scarpone, CFP, CPA, CVA