FENNVILLE DISTRICT LIBRARY

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2004

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☑ Other	Fennville District Library	Allegan

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
9/30/04	11/22/04	1/12/05

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

RECEIVED
DEPT. OF TREASURY
JAN 20 2005
LOCAL AUDIT & FINANCE DIV.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ Yes ☑ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☑ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)			
Kiekover, Scholma & Shumaker, PC			
Street Address	City	State	ZIP
205 E. Main Street	Zeeland	MI	49464
Accountant Signature		Date	
Kiekover, Scholma & Shumaker, PC		1-12-05	

Fennville District Library
ANNUAL FINANCIAL REPORT
Year Ended September 30, 2004

TABLE OF CONTENTS

	Page
Independent Auditor's Report	I
Management's Discussion and Analysis	II
Basic Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Assets	2
Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities	3
Notes to Financial Statements	4
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	10
Budgetary Comparison Schedule – Building Fund	11

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

Calvin Scholma
Richard Shumaker
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David Nienhuis
Harris Kiekover

INDEPENDENT AUDITOR'S REPORT

November 22, 2004

Library Board
Fennville District Library
Fennville, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Fennville District Library as of and for the year ended September 30, 2004, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fennville District Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Fennville District Library as of September 30, 2004, 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.

As described in Note 4D, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's discussion and Analysis – for State and Local Governments,* as of October 1, 2003.

The management's discussion and analysis and budgetary comparison information on pages II through V and 10 through 11, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Kiekover, Scholma & Shumaker, PC

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

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Fennville District Library

Management's Discussion and Analysis

As management of Fennville District Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with the Library's financial statements that follow this section.

Fennville District Library is organized under the laws of the State of Michigan and is governed by an eight-member board. The Library provides services to the surrounding areas. It receives support from the City of Fennville and the Townships of Clyde, Casco, Ganges, Manlius, and Lee.

Financial Highlights

- The Library's net assets were $1,120,716 at September 30, 2004. Of this amount $98,451 (*unrestricted net assets*) may be used to meet the Library's ongoing obligations to citizens and creditors. Its net assets decreased by $32,696 for the year ended September 30, 2004.

- As of the close of the current fiscal year, the Library's governmental funds reported combined ending fund balance of $242,133, a decrease of $6,581 in comparison with the prior year.

- At the close of the current fiscal year, unreserved fund balance of the general fund was $98,451 or 44% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Fennville District Library's basic financial statements. The Library's basic financial statements are comprised of two components: the financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial statements. The financial statements are presented in a columnar format. The first three columns present the Library's two governmental funds - its general fund and special revenue building fund (*governmental funds* financial statements) and are prepared on the modified accrual basis of accounting. These fund financial statements present a short-term view and tell how resources were spent during the year as well as what remains for future spending. Such financial information may be helpful in evaluating the Library's near-term financing requirements.

The fourth column in the financial statements presents the adjustments necessary to reconcile the *governmental funds* financial statements to the *governmental activities* financial statements (*Statement of Net Assets* and *Statement of Activities*) presented in the fifth column.

These *governmental activities* financial statements are designed to provide the readers with a broad view of the Library's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer-term view of the Library's finances and whether the full cost of government services have been funded. The two governmental activities statements are as follows:

- The *statement of net assets* presents information on all of the 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 the financial position of the Library is improving or deteriorating.

- The *statement of activities* presents information showing how the 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 result in cash flows in different fiscal periods.

The Library adopts an annual appropriated budget for its general and special revenue building funds. Budgetary comparison schedules have been provided for the general and building funds to demonstrate compliance with this budget.

The basic *governmental fund* financial statements and *governmental activities* financial statements can be found on pages 2-3 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 4-8 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Library's General Fund and Building Fund found on pages 10-11 of this report.

Financial Analysis of the Library as a Whole

The following table shows, in a condensed format, the net assets of the Fennville District Library as of September 30, 2004.

TABLE 1 - Fennville District Library's Net Assets

	2004	2003
Cash	$ 236,868	242,203
Accounts receivable	9,189	8,424
Capital assets	878,583	904,697
Total assets	1,124,640	1,155,324
Current Liabilities	3,924	1,913
Net Assets		
Invested in capital assets	878,583	904,697
Restricted	143,682	144,896
Unrestricted	98,451	103,818
Total net assets	$ 1,120,716	$ 1,153,411

The following analysis highlights the changes in net assets for the year ended September 30, 2004:

TABLE 2 - Changes in Fennville District Library's Net Assets

	2004
Revenues:	
Penal fines	$ 92,447
Property taxes	94,559
Contributions from state	14,963
Interest	5,551
Other	15,925
Total Revenues	223,445
Expenses:	
Salaries	118,293
Payroll taxes	8,882
Books	14,055
Co-op expense	17,458
Repair and maintenance	9,329
Utilities	15,741
Other	38,180
Depreciation	34,203
Total Expenses	256,141
Change in Net Assets	$ (32,696)

Since this is the first year the Library has presented government-wide financial statements, comparisons to the prior year have not been presented. In future years a comparative analysis will be presented.

Financial Analysis of the Library's Funds

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of $242,133, a decrease of $6,581 from the prior year. Approximately 41% of this amount ($98,451) constitutes *unreserved fund balance,* which is available for spending at the Library's discretion. The remainder of fund balance is *reserved* for building improvements.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year fund balance of the General Fund was $98,451, all of which was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance ($98,451) represents 44% of total General Fund expenditures.

The fund balance of the Library's General Fund decreased by $5,367 during the current fiscal year. Total revenue sources decreased by $6,373 or 2.8%. Penal fines decreased by $2,446 or 2.5%. Property taxes increased by $5,589, or 6.3%. Contributions from state increased by $2,896, or 24%. General Fund expenditures increased by $12,920, or 6.1%.

The Building Fund has a total fund balance of $143,682, a decrease of $1,214 during the year. Total revenues decreased by $1,539. Expenditures decreased by $19,180 from the prior year.

General Fund Budgetary Highlights

The general fund budget was amended during the year to reflect an expected increase in miscellaneous income and expected increases and decreases in various expense categories. Overall, actual revenues were $4,733 greater than budgeted while total expenditures were $5,669 below the final budget.

Next Year's Budget

The Library's budget for fiscal 2005 calls for an increase in revenues of approximately 1% and expenses of approximately 3%.

Contacting the Library's Management

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

Basic
Financial Statements

Fennville District Library
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
September 30, 2004

	General Fund	Building Fund	Total	Adjustments		Statement of Net Assets
ASSETS						
Current Assets:						
Cash and investments	$ 93,186	$ 143,682	$ 236,868	$ -		$ 236,868
Accounts receivables	9,189	-	9,189	-		9,189
Total Current Assets	102,375	143,682	246,057	-		246,057
Noncurrent Assets:						
Capital assets	-	-	-	1,249,947	(1)	1,249,947
Less: accumulated depreciation	-	-	-	(371,364)	(1)	(371,364)
Total Noncurrent Assets	-	-	-	878,583		878,583
Total Assets	$ 102,375	$ 143,682	$ 246,057	$ 878,583		$ 1,124,640
LIABILITIES						
Current Liabilities:						
Accounts payable	$ 149	$ -	$ 149	$ -		$ 149
Accrued wages	2,143	-	2,143	-		2,143
Payroll withholding	1,632	-	1,632	-		1,632
Total Current Liabilities	3,924	-	3,924	-		3,924
FUND BALANCE/NET ASSETS						
Fund balances:						
Unreserved	98,451	-	98,451	(98,451)		-
Reserved for building improvements	-	143,682	143,682	(143,682)		-
Total Fund Balances	98,451	143,682	242,133	(242,133)		-
Total Liabilities and Fund Balances	$ 102,375	$ 143,682	$ 246,057			
Net assets:						
Invested in capital assets				878,583	(1)	878,583
Restricted for building improvements				143,682		143,682
Unrestricted				98,451		98,451
Total Net Assets				$ 1,120,716		$ 1,120,716

(1) Capital assets purchased or constructed by the entity are capitalized on the Statement of Net Assets and depreciated over their estimated useful lives.

See Notes To Financial Statements

Fennville District Library
STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
Year Ended September 30, 2004

	General Fund	Building Fund	Total	Adjustments	Statement of Activities
Revenues:					
Penal fines	$ 92,447	$ -	$ 92,447	$ -	$ 92,447
Property taxes	94,559	-	94,559	-	94,559
Contributions from local units	3,000	-	3,000	-	3,000
Contributions from state	14,963	-	14,963	-	14,963
Gifts	3,597	-	3,597	-	3,597
Book and video fines	4,559	-	4,559	-	4,559
Copy and fax machine fees	3,027	-	3,027	-	3,027
Rental fees	618	-	618	-	618
Interest	936	4,615	5,551	-	5,551
Miscellaneous	1,124	-	1,124	-	1,124
Total Revenue	218,830	4,615	223,445	-	223,445
Expenditures:					
Salaries	118,293	-	118,293	-	118,293
Payroll taxes	8,882	-	8,882	-	8,882
SIMPLE IRA	2,204	-	2,204	-	2,204
Audio-visual	1,168	-	1,168	-	1,168
Books and periodicals	14,055	-	14,055	-	14,055
Library supplies	768	-	768	-	768
Technology charges	2,230	-	2,230	-	2,230
Gifts	975	-	975	-	975
Programs and activities	5,135	-	5,135	-	5,135
South Haven non-resident cards	1,940	-	1,940	-	1,940
Co-op expense	17,458	-	17,458	-	17,458
Office supplies	2,889	-	2,889	-	2,889
Professional fees	5,389	-	5,389	-	5,389
Telephone	1,359	-	1,359	-	1,359
Repairs and maintenance	8,626	703	9,329	-	9,329
Utilities	15,741	-	15,741	-	15,741
Insurance	3,317	-	3,317	-	3,317
Miscellaneous	2,064	-	2,064	532 (2)	2,596
Capital outlay	11,704	5,126	16,830	(8,620) (1)	8,210
Depreciation	-	-	-	34,203 (1)	34,203
Total Expenditures	224,197	5,829	230,026	26,115	256,141
Excess of Revenues Over Expenditures/ Changes in Net Assets	(5,367)	(1,214)	(6,581)	(26,115)	(32,696)
Fund Balances/Net Assets, October 1	103,818	144,896	248,714	904,698	1,153,412
Fund Balance/Net Assets, September 30	$ 98,451	$ 143,682	$ 242,133	$ 878,583	$ 1,120,716

(1) When capital assets that are to be used in governmental activities are purchased or constructed, the resourses expanded for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is deducted from expenditure and the cost is added to "Capital assets" in the statement of net assets. These assets are then depreciated over their estimated useful lives, resulting in an expense on the Statement of Activities.

(2) The Library had a loss on equipment it disposed of during the year. The remaining net book value was $532, which appears as an expense in the year of disposition.

See Notes To Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fennville District Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Fennville District Library:

A. Reporting Entity

Fennville District Library is organized under the laws of the State of Michigan and is governed by an eight-member board. The Library provides services to the surrounding areas. They receive support from the City of Fennville and the Townships of Clyde, Casco, Ganges, Manlius, and Lee.

Blended Component Unit. The Library has no blended component units.

Discretely Presented Component Unit. The Library has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

Separate columns are included in the financial statements for the government-wide financial statements (i.e., the statement of net assets and the statement of activities) and the fund financial statements, which present the two governmental funds of the Library.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government wide statement uses the economic resources measurement focus.

Accrual Method

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Modified Accrual Method

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

The Library reports the following major governmental funds:

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

The *Building Fund* accounts for revenue sources that are legally restricted to expenditures for building improvements and maintenance.

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.

D. Assets, Liabilities and Equity

1. Deposits and Investments.

The Library's investment policies are governed by state statutes and formal board policy.

Michigan statutes authorize investments in bonds and other direct obligations of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, U.S. government or Federal agency obligation repurchase agreements, bankers' acceptance of U.S. banks, and certain mutual funds. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Library's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. *Capital Assets.*

Capital assets purchased or acquired are capitalized at historical cost or estimates historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Land Improvements	20 years
Buildings	10 - 40 years
Furniture and equipment	5 - 10 years

The Library's capitalization policy is to capitalize individual amounts exceeding $500.

3. *Compensated Absences.*

The liability for compensated absences is not material and no accrual has been reflected in these financial statements.

E. Property Taxes

Property taxes levied by the Library are collected by various municipalities and periodically remitted to the Library. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The 2003 ad valorem tax is recognized as revenue during the 2003-04 fiscal year. The actual due dates are September 14 and February 14 after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The 2003 taxable value totaled $277,419,209 on which taxed levied consisted of .3500 mills for Library operating purposes. This amount is accounted for in the General Fund.

F. Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

Before September 30, the proposed budget is presented to the Board for review. The final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and object. Budgetary control over expenditures is exercised by the Library Board. Appropriated budgets are amended by a majority vote of the Library Board. The Library board made several supplemental budgetary appropriations throughout the year.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2004, expenditures exceeded appropriations at the object level as stated in the accompanying Budgetary Comparison Schedule.

NOTE 3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Library's deposits was $231,656 and the bank balance was $244,991. Of the bank balance, $244,991 was covered by federal depository insurance and $0 was uninsured and uncollateralized. Investments are categorized into these three categories of credit risk:

(1) Insured or registered, or securities held by the Library or its agent in the Library's name.

(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Library's name.

(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Library's name.

At year end, the Library's investment balances totaled $5,212 and were held in investment pools which are not subject to categorization because they are not evidenced by securities that exist in physical or book entry form.

A reconciliation of cash and investments as shown on the Combined Balance Sheet/Statement of Net Assets follows:

Carrying amount of deposits	$ 231,656
Carrying amount of investments	5,212
Total	$ 236,868
Cash and investments	$ 236,868

B. Capital Assets

Governmental capital asset activity for the year ended September 30, 2004 was as follows:

	Beginning Balance	Additions	Disposals and adjustments	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 20,000	$ -	$ -	$ 20,000
		-	-	-
Capital Assets Being Depreciated				
Land improvements	25,215	-	-	25,215
Building and improvements	1,118,041	-	-	1,118,041
Furniture and equipment	94,694	8,620	(16,623)	86,691
Subtotal	1,237,950	8,620	(16,623)	1,229,947
Less Accumulated Depreciation for				
Land improvements	11,031	1,261	-	12,292
Building and improvements	256,821	28,532	-	285,353
Furniture and equipment	85,400	4,410	(16,091)	73,719
Subtotal	353,252	34,203	(16,091)	371,364
Net Capital Assets Being Depreciated	884,698	42,823	(32,714)	858,583
Governmental Activities Total Capital Assets - Net of Depreciation	$ 904,698	$ 42,823	$ (32,714)	$ 878,583

Depreciation for the fiscal year ended September 30, 2004 amounted to $34,203.

NOTE 4. OTHER INFORMATION

A. Lee Township Branch

During the 1992 fiscal year, Fennville District Library opened a branch in Lee Township known as the "Lee Township Branch of Fennville District Library." All of the branch activity is controlled by the Board of Fennville District Library and all of the activity of the branch is included in the financial statements of Fennville District Library.

B. Risk Management

The Library is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library maintains adequate commercial insurance coverage for these various exposures to risk. Settled claims for the commercial insurance have never exceeded the amount of coverage. There was no reduction in coverage obtained through insurance during the past year.

C. Retirement Plan

The Library contributes to a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE IRA) account covering all employees meeting the eligibility requirements. The Library matches employee contributions up to 3% of compensation. Contributions for the year were $2,204.

D. Change in Accounting Policy

In the year ended September 30, 2004, the Library implemented GASB No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government." Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

Management's discussion and analysis;

Basic Financial Statements
Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, including capital and infrastructure assets.
Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds;
Notes to the financial statements;

Required supplementary information, which requires budgetary comparison schedules to be presented.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

Required Supplementary Information

Fennville District Library
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
September 30, 2004

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Penal fines	$ 90,000	$ 90,000	$ 92,447	$ 2,447
Property taxes	96,000	96,000	94,559	(1,441)
Contributions from local units	4,000	4,000	3,000	(1,000)
Contributions from state	11,200	11,200	14,963	3,763
Gifts	4,000	4,000	3,597	(403)
Book and video fines	3,400	3,400	4,559	1,159
Copy and fax machine fees	2,700	2,700	3,027	327
Rental fees	500	500	618	118
Interest	1,000	1,000	936	(64)
Miscellaneous	300	1,297	1,124	(173)
Total Revenue	213,100	214,097	218,830	4,733
Expenditures:				
Salaries	125,000	119,000	118,293	707
Payroll taxes	8,900	8,900	8,882	18
SIMPLE IRA	1,100	1,100	2,204	(1,104)
Audio-visual	1,300	1,300	1,168	132
Books and periodicals	14,000	14,000	14,055	(55)
Library supplies	2,000	2,000	768	1,232
Technology charges	2,500	2,500	2,230	270
Gifts	3,000	3,000	975	2,025
Programs and activities	4,965	4,965	5,135	(170)
South Haven non-resident cards	4,000	4,000	1,940	2,060
Co-op expense	17,000	17,000	17,458	(458)
Office supplies	4,000	4,000	2,889	1,111
Professional fees	2,300	2,300	5,389	(3,089)
Telephone	1,600	1,600	1,359	241
Repairs and maintenance	11,138	8,854	8,626	228
Utilities	20,901	19,540	15,741	3,799
Insurance	3,500	3,500	3,317	183
Miscellaneous	600	600	2,064	(1,464)
Capital outlay	1,296	11,707	11,704	3
Total Expenditures	229,100	229,866	224,197	5,669
Excess of Revenues Over Expenditures	(16,000)	(15,769)	(5,367)	10,402
Fund Balance, October 1	103,818	103,818	103,818	-
Fund Balance, September 30	$ 87,818	$ 88,049	$ 98,451	$ 10,402

Fennville District Library
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE - BUILDING FUND
September 30, 2004

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Interest	$ 4,000	$ 4,000	$ 4,615	$ 615
Expenditures:				
Repairs and maintenance	8,000	8,000	703	7,297
Capital outlay	3,000	3,000	5,126	(2,126)
Total Expenditures	11,000	11,000	5,829	5,171
Excess of Revenues Over Expenditures	(7,000)	(7,000)	(1,214)	5,786
Fund Balance, October 1	144,896	144,896	144,896	-
Fund Balance, September 30	$ 137,896	$ 137,896	$ 143,682	$ 5,786