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LOCAL AUDIT & FINANCE DIV.

LINCOLN TOWNSHIP PUBLIC LIBRARY

STEVENSVILLE, MICHIGAN

FINANCIAL STATEMENTS

Year ended March 31, 2005

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	LINCOLN TOWNSHIP PUBLIC LIBRARY	BERRIEN

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/05	5/24/05	8/25/05

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.

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)			
SCARPONE & CO., P.C., CPA'S			
Street Address	City	State	ZIP
20 N. SECOND ST., P.O. BOX 1146	NILES	MI	49120
Accountant Signature		Date	
James V. Scarpone, CPA		8/25/05	

LINCOLN TOWNSHIP PUBLIC LIBRARY

STEVENSVILLE, MICHIGAN

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Year ended March 31, 2005

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LINCOLN TOWNSHIP PUBLIC LIBRARY

STEVENSVILLE, MICHIGAN

BOARD OF TRUSTEES

Ronald G. Goldy	-	**President**
David H. Bailey	-	**Vice-President**
Mary Sundblad	-	**Secretary**
Robert J. Greendonner	-	**Treasurer**
Suzanne M. Jewell	-	**Trustee**
James R. Bednar	-	**Trustee**

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

May 24, 2005

Members of the Board of Trustees
Lincoln Township Public Library
Stevensville, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of Lincoln Township Public Library as of March 31, 2005, and for the year then ended as listed in the foregoing table of contents. These basic financial statements are the responsibility of the management of Lincoln Township Public Library. 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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Township Public Library as of March 31, 2005, and the 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 required supplemental information 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.

20 NORTH SECOND STREET • NILES, MICHIGAN 49120 • TELEPHONE 269-684-5100 • FAX 269-684-5102 • 415 MAIN STREET • ST. JOSEPH, MICHIGAN 49085 • TELEPHONE 269-983-7100

LINCOLN TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2005

Lincoln Township Public Library, located in Stevensville, Berrien County, Michigan, is in its first year of implementing the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB 34), with the enclosed report. Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Lincoln Township Public Library Management's Discussion and Analysis of its financial results for the year ended March 31, 2005.

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 three columns of the financial statements includes information about the Library's various funds 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.

The following funds are used in accounting for the financial operations of the Library:

General Fund - The General Fund accounts for all revenues and expenditures of the Library not required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Endowment Fund - The Endowment Fund accounts for the revenues and expenditures related to endowment activities of the Library.

Government-Wide financial statements - The last 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.

Overall Financial Position

The Library's primary source of revenue is from property taxes and penal fines. For the year ended March 31, 2005, total tax collections were $799,263 and total penal fines remitted totaled $207,284, representing 70% and 18% 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, 2005, these expenditures totaled $481,607, representing 47% of the Library's total expenditures (59% of General Fund expenditures).

Library materials, which include books, audio books, videos and periodicals, were the second largest overall expenditures of the Library. These expenditures totaled $106,967, representing approximately 10% of the Library's total expenditures (13% of General Fund expenditures).

Library Budget Highlights

Over the course of the fiscal year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendments that occurred were an increase in penal fines revenue and property tax revenue. Other revenue was also amended to reflect an increase arising from a grant that the Library received.

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 Lincoln Township Public Library for assistance.

LINCOLN TOWNSHIP PUBLIC LIBRARY

GOVERNMENTAL FUND BALANCE SHEET
AND
STATEMENT OF NET ASSETS

March 31, 2005

	General Fund	Debt Service	Endowment Fund
ASSETS			
Cash and cash equivalents	$ 563,344	$ 297,072	$ -
Investments	419,311	-	-
Beneficial interest in assets held by others	-	-	34,073
Taxes receivable	26,277	12,556	-
Accounts receivable	1,517	-	-
Interest receivable	830	-	-
Capital assets	-	-	-
TOTAL ASSETS	$ 1,011,279	$ 309,628	$ 34,073
LIABILITIES			
LIABILITIES:			
Accounts payable	$ 6,071	$ -	$ -
Accrued payroll	17,497	-	-
Accrued interest	-	-	-
Bonds payable	-	-	-
TOTAL LIABILITIES	23,568	-	-
FUND BALANCES/NET ASSETS			
FUND BALANCES:			
Reserved	774,102	309,628	34,073
Undesignated	213,609	-	-
TOTAL FUND BALANCES	987,711	309,628	34,073
TOTAL LIABILITIES AND FUND BALANCE	$ 1,011,279	$ 309,628	$ 34,073
NET ASSETS:			
Invested in capital assets			
Endowment Fund			
Unrestricted			
TOTAL NET ASSETS			

See accompanying notes to basic financial statements.

Total	Adjustments (Note J)	Statement of Net Assets
$ 860,416	$ -	$ 860,416
419,311	-	419,311
34,073	-	34,073
38,833	-	38,833
1,517	-	1,517
830	-	830
-	2,684,235	2,684,235
$ 1,354,980	$ 2,684,235	$ 4,039,215
$ 6,071	$ -	$ 6,071
17,497	-	17,497
-	39,031	39,031
-	2,225,000	2,225,000
23,568	2,264,031	2,287,599
1,117,803	(1,117,803)	
213,609	(213,609)	
1,331,412	-	
$ 1,354,980		
		459,235
		34,073
		1,258,308
		$ 1,751,616

LINCOLN TOWNSHIP PUBLIC LIBRARY

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

Year ended March 31, 2005

	General	Debt Service	Endowment Fund
REVENUES:			
Property taxes	$ 544,210	$ 255,053	$ -
State-shared revenues	9,055	-	-
County penal fines	207,284	-	-
Contract services fees	60,912	-	-
Copier charges	8,592	-	-
Book fines	11,877	-	-
Interest and dividends	9,991	159	1,013
Friends of Lincoln Township Public Library	8,805	-	-
Realized/unrealized investment gains	-	-	1,028
Other revenues	11,248	-	2,875
TOTAL REVENUES	871,974	255,212	4,916
EXPENDITURES:			
Salaries and wages	437,301	-	-
Payroll taxes and employee benefits	44,306	-	-
Utilities	43,599	-	-
Supplies and postage	25,507	-	-
Repairs and maintenance	37,998	-	-
Insurance	9,794	-	-
Professional services	4,429	-	-
Dues and subscriptions	6,089	-	-
Workshops and travel	7,057	-	-
Advertising and publicity	9,289	-	-
Library materials	106,967	-	-
Public copier expenses	2,494	-	-
Capital outlay	30,530	-	-
Automation - maintenance	29,891	-	-
Internet expenses	5,790	-	-
Friends of Lincoln Township Public Library	8,805	-	-
Depreciation	-	-	-
Bond principal payments	-	125,000	-
Interest	-	96,253	-
Bond fees	-	300	-
Miscellaneous	2,059	-	300
TOTAL EXPENDITURES	811,905	221,553	300
EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	60,069	33,659	4,616
FUND BALANCE/NET ASSETS, BEGINNING OF YEAR	927,642	275,969	29,457
FUND BALANCE/NET ASSETS, END OF YEAR	$ 987,711	$ 309,628	$ 34,073

See accompanying notes to basic financial statements.

Total	Adjustments (Note J)	Statement of Activities
$ 799,263	$ -	$ 799,263
9,055	-	9,055
207,284	-	207,284
60,912	-	60,912
8,592	-	8,592
11,877	-	11,877
11,163	-	11,163
8,805	-	8,805
1,028	-	1,028
14,123	-	14,123
1,132,102	-	1,132,102
437,301	-	437,301
44,306	-	44,306
43,599	-	43,599
25,507	-	25,507
37,998	-	37,998
9,794	-	9,794
4,429	-	4,429
6,089	-	6,089
7,057	-	7,057
9,289	-	9,289
106,967	-	106,967
2,494	-	2,494
30,530	(7,828)	22,702
29,891	-	29,891
5,790	-	5,790
8,805	-	8,805
-	103,313	103,313
125,000	(125,000)	-
96,253	(2,149)	94,104
300	-	300
2,359	-	2,359
1,033,758	(31,664)	1,002,094
98,344	31,664	130,008
1,233,068	388,540	1,621,608
$ 1,331,412	$ 420,204	$ 1,751,616

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Lincoln 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:

Lincoln Township Public Library is located in Stevensville, Michigan and provides library services to residents in Lincoln, Royalton and Baroda Townships, and the Villages of Baroda and Stevensville. 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 Lincoln 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 accounts of the Library are organized into funds, each of which is considered to be a separate accounting entity. The following funds are used in accounting for the financial operations of the Library:

> General Fund - The General Fund accounts for all revenues and expenditures of the Library not required to be accounted for in other funds.
>
> Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
>
> Endowment Fund - The Endowment Fund accounts for the revenues and expenditures related to endowment activities of the Library.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

BUDGETS AND BUDGETARY ACCOUNTING:

The Library Board of Trustees adopts an annual operating budget using the basis of accounting described above. Any budget revisions must be approved by the Library Board of Trustees.

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.

COMPENSATING ABSENCES:

The Library's personnel policies permit the accumulation and carryforward of sick days. Full-time employees are allowed ten days in any one year while part-time employees can earn a maximum of 80 hours per year. Sick leave will accumulate from year to year to a maximum of thirty days for full-time employees and a maximum of 240 hours for part-time employees. Sick leave compensation available for employee carryforward at March 31, 2005 is estimated to approximate $28,000. The Library's policies do not allow for termination payments related to any unused sick leave and accordingly, no accrual has been recorded by the Library at March 31, 2005 with respect to such compensated absences.

TAX INFORMATION:

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

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are recorded at cost and include cash investments with original maturities 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED:

CAPITAL ASSETS-CONCLUDED:

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:

	Years
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 $1,000.

Fund Financial Statements:

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.

INVESTMENTS:

Investments are recorded at cost. The type of investments authorized by the Board of Trustees are as follows:

a. Bonds, securities, and other obligations of the United States, the principal and interest of which are fully guaranteed by the United States.

b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of banks, savings and loan associations or credit unions which are federally insured.

c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and maturing no more than 270 days after the date of purchase.

d. United States Government federal agency obligation repurchase agreements.

e. Bankers' acceptance of United States banks.

NOTE B - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consisted of the following at March 31, 2005:

Petty cash	$	190
Funds held by Lincoln Charter Township		297,072
Deposits in financial institutions		563,154
	$	860,416

The above deposits in financial institutions of $563,154 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 $578,866. Of that amount, approximately $345,048 was covered by federal depository insurance and $233,818 was uninsured and uncollateralized.

NOTE C - INVESTMENTS:

Investments at March 31, 2005 consisted of certificates of deposit in financial institutions of $419,311.

Of the above certificates of deposits in financial institutions of $419,311, approximately $373,658 was covered by federal depository insurance and $45,653 was uninsured and uncollateralized.

NOTE D - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

During the year ended March 31, 2004, the Lincoln Township Public Library transferred certain funds to the Berrien Community Foundation in order to establish the Lincoln Township Public Library Endowment Fund.

The Agency Fund portion of the Endowment Fund represents the original assets transferred to establish the Fund and any subsequent donations received directly by the Library and forwarded to the Foundation. These amounts are reported as an asset on the Library's books at fair market value at March 31, 2005.

A summary of the activity in the Agency Fund portion of the Endowment Fund for the year ended March 31, 2005 is as follows:

Balance at March 31, 2004	$	29,457
Donations received by the Library		2,875
Interest and dividends		1,013
Realized investment gains		1,315
Unrealized investment gains(losses)		(287)
Administrative fees		(300)
	$	34,073

NOTE D - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS-CONCLUDED:

Donations received directly by the Berrien Community Foundation that are earmarked for the Lincoln Township Public Library Endowment Fund are reported as an asset on the Foundation's books. The present value of the estimated expected future cash flows from this Fund are required to be reported as an asset of the Library. The fair market value of this portion of the Fund at March 31, 2005 approximated $420. Accordingly, the fair market value of future earnings from this Fund is insignificant and no related asset has been recorded by the Library at March 31, 2005.

The Library has access to the income from both portions of the Fund, subject to the Foundation's spending policy as follows:

> The annual payout factor for all endowment funds will be determined annually by the Investment Committee and applied to the weighted average market value for the last three years as of December 31, of each year. The earliest market value will be given a 25 percent weighting, the middle market value a 35 percent weighting and the latest a 40 percent weighting.

NOTE E - CAPITAL ASSETS:

Capital asset activity of the Library for the year ended March 31, 2005 was as follows:

	Balance March 31, 2004	Additions	Dispositions	Balance March 31, 2005
Capital assets being depreciated:				
Building	$ 3,042,870	$ -	$ -	$ 3,042,870
General furnishings and equipment	467,302	2,992	-	470,294
Computers and related equipment	65,078	4,836	-	69,914
	3,575,250	7,828	-	3,583,078
Accumulated depreciation:				
Building	621,910	60,857	-	682,767
General furnishings and equipment	136,496	29,118	-	165,614
Computers and related equipment	37,124	13,338	-	50,462
	795,530	103,313	-	898,843
Net capital assets	$ 2,779,720	$ (95,485)	$ -	$ 2,684,235

NOTE F - RESERVED FUND BALANCE:

Reserved fund balance of the General Fund consisted of the following at March 31, 2005:

Reserved for Library operations for fiscal year ending March 31, 2006	$	548,740
Reserved for capital expenditures		83,214
Reserved for contingencies		139,000
Reserved for One Book, One Community Project		3,148
	$	774,102

NOTE G - RISK MANAGEMENT:

The Library maintains commercial insurance to insure potential significant losses. There have been no significant changes in insurance coverage for the year ended March 31, 2005.

NOTE H - LONG-TERM DEBT:

General long-term debt consisted of the following at March 31, 2005:

4.0% - 4.3% Unlimited Tax General Obligation Library Bonds, with annual principal payments of $150,000 to $325,000 and semi-annual interest payments, final maturity May, 2014	$	2,225,000

The principal reductions of general long-term debt for each of the next five years ending March 31 are as follows:

2006	$	150,000
2007		150,000
2008		175,000
2009		200,000
2010		200,000
Thereafter		1,350,000
Total	$	2,225,000

The following is a summary of the changes in general long-term debt for the year ended March 31, 2005:

	Balance March 31, 2004	Additions	Deductions	Balance March 31, 2005
Bonds payable	$ 2,350,000	$ -	$ 125,000	$ 2,225,000

NOTE I - EMPLOYEE BENEFIT PLAN:

The Library participates in a defined contribution retirement plan as a part of the Michigan Township's Association Master Compensation Plan. Employees must have completed one year of service, have at least five hundred hours of compensated service during the prior year, and be at least twenty-one years of age to participate in the plan. The Library contributes 5% of eligible employee's wages to the Plan. Library expenditures in connection with the plan amounted to $18,519 for the year ended March 31, 2005.

NOTE J - 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	$	1,331,412
Amounts reported in the Statement of Net Assets are different because:		
Capital assets are not financial resources, and are not reported in the funds		2,684,235
Interest payments on long-term liabilities are not due and payable in the current period and are not reported in the funds		(39,031)
Long-term liabilities are not due and payable in the current period and are not reported in the funds		(2,225,000)
Net Assets of General Fund - full accrual basis	$	1,751,616

NOTE J - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS-CONCLUDED:

Net Changes in Fund Balance - modified accrual basis	$	98,344
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		7,828
Depreciation		(103,313)
Decrease in accrued interest reported as a decrease in an expenditure in the Statement of Activities, but not in the fund statements		2,149
Repayments of bond principal are reported as an expenditure in the fund statements; in the statement of activities these payments reduce long-term debt		125,000
Change in Net Assets of General Fund - full accrual basis	$	130,008

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN TOWNSHIP PUBLIC LIBRARY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

Year ended March 31, 2005

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
Property taxes	$ 514,650	$ 517,609	$ 544,210	$ 26,601
State-shared revenues	17,200	17,200	9,055	(8,145)
County penal fines	190,539	207,284	207,284	-
Contract services fees	58,752	58,752	60,912	2,160
Copier charges	8,000	8,000	8,592	592
Book fines	11,000	11,000	11,877	877
Interest	8,000	8,000	9,991	1,991
Friends of Lincoln Township Public Library	5,250	5,250	8,805	3,555
Other revenues	8,750	11,768	11,248	(520)
TOTAL REVENUES	822,141	844,863	871,974	27,111
EXPENDITURES:				
Salaries and wages	453,973	453,973	437,301	16,672
Payroll taxes and employee benefits	43,291	43,291	44,306	(1,015)
Utilities	44,000	44,000	43,599	401
Supplies and postage	25,000	25,000	25,507	(507)
Repairs and maintenance	35,000	35,000	37,998	(2,998)
Insurance	9,000	9,000	9,794	(794)
Professional services	5,500	5,500	4,429	1,071
Dues and subscriptions	6,100	6,100	6,089	11
Workshops and travel	7,000	7,000	7,057	(57)
Advertising and publicity	12,000	12,000	9,289	2,711
Library materials	107,000	107,000	106,967	33
Public copier expenses	2,300	2,300	2,494	(194)
Capital outlay	25,000	25,000	30,530	(5,530)
Automation - maintenance	23,000	28,000	29,891	(1,891)
Internet expenses	5,500	5,500	5,790	(290)
Friends of Lincoln Township Public Library	5,250	5,250	8,805	(3,555)
Miscellaneous	5,250	5,250	2,059	3,191
Contingencies	7,977	25,699	-	25,699
TOTAL EXPENDITURES	822,141	844,863	811,905	32,958
EXCESS OF REVENUES OVER EXPENDITURES	-	-	60,069	60,069
FUND BALANCE, BEGINNING OF YEAR	927,642	927,642	927,642	-
FUND BALANCE, END OF YEAR	$ 927,642	$ 927,642	$ 987,711	$ 60,069

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

OTHER FINANCIAL INFORMATION

LINCOLN TOWNSHIP PUBLIC LIBRARY

GENERAL LONG-TERM DEBT - 1999 UNLIMITED TAX GENERAL OBLIGATION LIBRARY BONDS

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

March 31, 2005

Year Ending March 31,	Principal May 1	Interest Requirements May 1	Interest Requirements November 1	Total Interest	Total Requirements
2006	$ 150,000	$ 46,838	$ 43,743	$ 90,581	$ 240,581
2007	150,000	43,744	40,744	84,488	234,488
2008	175,000	40,744	37,156	77,900	252,900
2009	200,000	37,156	33,006	70,162	270,162
2010	200,000	33,006	28,806	61,812	261,812
2011	225,000	28,806	23,969	52,775	277,775
2012	250,000	23,969	18,594	42,563	292,563
2013	250,000	18,594	13,281	31,875	281,875
2014	300,000	13,281	6,906	20,187	320,187
2015	325,000	6,906	-	6,906	331,906
	$ 2,225,000	$ 293,044	$ 246,205	$ 539,249	$ 2,764,249