Kalamazoo Public Library

Financial Report
with Supplemental Information
June 30, 2005

Kalamazoo Public Library

Contents

Report Letter 1

Management's Discussion and Analysis 2-7

Basic Financial Statements

Statement of Net Assets 8

Statement of Activities 9

Balance Sheet 10

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types 11

Notes to Financial Statements 12-22

Required Supplemental Information 23

Note - Stewardship, Compliance, and Accountability 24

Budgetary Comparison Schedule - General Fund 25

Other Supplemental Information 26

Combining Balance Sheet - Nonmajor Governmental Funds 27

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 28

plante moran

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

Independent Auditor's Report

To the Board of Trustees
Kalamazoo Public Library

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the Kalamazoo Public Library for the year ended June 30, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kalamazoo Public Library as of June 30, 2005 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 schedules, as identified in the table of contents, are not a required part of the basic financial statements of Kalamazoo Public Library but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Library adopted Governmental Accounting Standards Board Statement Number 40 during the current year. As a result, these financial statements present new financial information within the financial statement footnotes related to deposits and investments.

Plante & Moran, PLLC

September 15, 2005

A member of
mri
A worldwide association of independent accounting firms

As the management and board of the Kalamazoo Public Library, we offer readers of the Kalamazoo Public Library financial statements this narrative overview and analysis of the financial activities of Kalamazoo Public Library for the fiscal year ended June 30, 2005.

Financial Highlights

- The assets of the Kalamazoo Public Library exceeded its liabilities at the close of the most recent fiscal year by $10,467,936. Of this amount, $3,757,952 may be used to meet the Kalamazoo Public Library's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Kalamazoo Public Library's governmental funds reported combined ending fund balances of $5,654,547, an increase of $66,210 in comparison with the prior year. Approximately 19.26 percent of the total amount, $1,088,936, is undesignated and unreserved.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was $698,252, or 8.25 percent of total General Fund expenditures.
- The Kalamazoo Public Library's long-term debt decreased by $1,450,000 (12.5 percent) during the current fiscal year, attributed to the payment of bond principal. No new debt was issued during the current year.

Overview of the Financial Statements

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

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

The ***statement of net assets*** presents information on all of the Kalamazoo Public Library's assets and liabilities, with the difference between the two reported as ***net assets***. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Kalamazoo Public Library's financial position is improving or deteriorating.

The ***statement of activities*** presents information showing how the Kalamazoo Public Library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

The Kalamazoo Public Library maintains eight individual governmental funds: the general, debt service, capital improvement, endowment, agency, ready to read, readying together, and gift and memorial funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Endowment Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Kalamazoo Public Library, assets exceeded liabilities by $10,467,936 at the close of the most recent fiscal year.

By far the most significant portion of the Kalamazoo Public Library's net assets (48.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and collections), less any related debt used to acquire those assets that is still outstanding. The Kalamazoo Public Library used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Kalamazoo Public Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Kalamazoo Public Library Net Assets
($000)

	2004-2005	2003-2004
Current and Other Assets	$ 6,143,198	$6,170,786
Capital Assets	15,195,407	15,781,660
Total Assets	21,338,605	21,952,446
Long-term Debt	10,355,645	11,796,116
Other Liabilities	515,024	763,737
Total Liabilities	10,870,669	12,559,853
Net Assets:		
Invested in Capital Assets net of related debt	5,045,408	4,181,660
Restricted for nonexpendable Endowment	1,406,157	1,336,863
Restricted for debt service	258,419	294,080
Unrestricted	3,757,952	3,579,990
Total Net Assets	$ 10,467,936	$ 9,392,593

An additional portion of the Kalamazoo Public Library's net assets (16 percent) represents resources that are subject to external restrictions on how they may be used or have been reserved for specific purposes by the board. The remaining balance of unreserved, undesignated ($3,757,952) may be used to meet the Kalamazoo Public Library's ongoing obligations to citizens and creditors.

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

The Kalamazoo Public Library's net assets increased by $887,196 during the current fiscal year as discussed below.

Governmental activities. Governmental activities increased the Kalamazoo Public Library's net assets by $887,196, accounting for all of the total increase in the net assets of the Kalamazoo Public Library. Key elements of this increase are attributable to the continuation of planned capital investment while meeting the bond payment schedule and adjusting recognized property tax revenue to more accurately reflect future receipt expectations.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions, however, are the cost growth for medical and dental benefits increasing from 15 percent to 17 percent from the prior year, and the increases in contributions to employee retirement plans ranging from 2-4% for the Municipal Employees Retirement system to 14.5% increases in contributions made to the Michigan Public School Employees Retirement System. Although Kalamazoo Public Library's employee compensation is based upon total compensation including benefits, the cost of medical, dental and retirement benefits grew beyond the increase generated by taxable value growth over the same period.

Financial Analysis of the Kalamazoo Public Library's Funds

As noted earlier, the Kalamazoo Public Library used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Kalamazoo Public Library's governmental funds reported combined ending fund balances of $5,654,547, an increase of $66,210 in comparison with the prior year. Approximately 12.56 percent of this total amount, $710,140, constitutes *unreserved, undesignated fund balance*, which is available for spending at the Kalamazoo Public Library's discretion. The remainder of fund balance is designated to indicate that it is not available for new spending because it has already been committed (1) to pay debt service ($258,419), (2) to support cash flow needs for the first half of the following fiscal year ($2,400,000), (3) to pay the potential liability for the repayment of taxes paid and in dispute ($115,000), (4) to pay for future capital projects ($378,795), (5) reserved as a permanent endowment fund for Kalamazoo Public Library ($1,389,845) with a Children's Endowment ($16,311), or (6) for a variety of commitments for materials and services as of June 30, 2005 ($275,286).

The General Fund is the chief operating fund of the Kalamazoo Public Library. At the end of the current fiscal year, unreserved fund balance of the General Fund totaled $698,252 and the total fund balance was $3,324,003. Unreserved fund balance represents 8.25 percent of total General Fund expenditures.

The fund balance of the Kalamazoo Public Library General Fund increased by $47,538 during the current fiscal year. The library adopted a conservative approach to expenditures in fiscal year 2004-2005 which contributed to the increase and reflected the ongoing uncertainty in the national, state, and local economies. The library experienced some cost saving through staff attrition via retirement, temporary position vacancies, and the continuation of several cost reduction strategies from the previous year including changes to the bookmobile schedule.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were a decrease of $97,302 in revenue, reflecting changes in taxable value as reported by the respective governmental boards of review and adjustments to tax abatement values. Expenditures were projected to increase an additional $11,885 in the final amended budget including additional allocations for utilities energy costs and facilities management building repair and operation.

Capital Asset and Debt Administration

Capital assets. The Kalamazoo Public Library's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to $15,195,407. This investment in capital assets includes land, buildings, furniture and equipment, computer systems, and library materials. The total decrease in the Kalamazoo Public Library's investment in capital assets for the current fiscal year was 3.7 percent.

Major capital asset events during the current fiscal year included the purchase of a new public print management system, a self check-out system, replacement of PC's and printers and the replacement of a digital print system for microfiche.

Details of the Kalamazoo Public Library's capital assets are continued in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the Kalamazoo Public Library had total bonded and installment debt outstanding of $10,150,000, the entirety of which is backed by the full faith and credit of the government.

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

Economic Factors and Next Year's Budgets and Rates

The Kalamazoo Public Library's primary revenue source is local property taxes. It accounts for approximately 91% of all library revenues. The library's voted millage is applied to all areas within the Kalamazoo Public School District, the Mattawan and Otsego School Districts within Oshtemo Township, the Portage and Comstock School Districts within the city of Kalamazoo, and the Comstock School District within Kalamazoo Township.

In 1990, voters approved a tax levy of 2.88 mils that expires in 2010. In 1995, voters approved an additional levy of 1.12 mils that expires in 2015. Subsequent to the passage of these tax levies, the library's tax rates have been rolled back to 2.7782 and 1.1801, respectively, totaling 3.9583 mils through the application of the Headlee amendment.

For the fiscal year that concluded June 30, 2005, gross tax revenue based upon taxable value was originally projected at $9,744,931, including all adjustments known at that time; actual tax revenue totaled $9,666,877, a reduction of $78,054. The reason for the reduction in revenue is attributable to changes in tax-capture estimates. The primary tax-capture mechanisms that affect revenue growth within the library district are the Downtown Development Authority's (DDA) Tax Increment Financing Authority (TIFA), the creation of an Enterprise Zone on previously tax-exempt property, and the designation of several properties as Brownfield. Each of these programs has a similar effect on library revenues. The reported taxable value, primarily from the city of Kalamazoo, must be discounted to accommodate that the library's taxes in these areas are being redirected through the application of state laws.

The library has traditionally discounted its revenue projections to account for legislative initiatives that redirect library funds to other purposes. The library has also maintained a reserve to refund taxes paid by Consumers Energy prior to 2000 once all legal action is concluded. However, the ongoing growth of tax-capture mechanisms, reporting methods that are imprecise, and the inconclusive dispute with Consumers Energy have had an impact on the library's ability to predict tax revenues.

The library's response has been to lower its revenue projection and maintain conservative reserves. This in no way affects library service delivery in the year concluding June 30, 2005. During the current year there was an administrative reorganization which resulted in the elimination of an assistant director position and reduced administrative salary expense. Although there were no major new initiatives, usage was consistent with previous years. The yearly work plan internally cited as the Tactical Plan was updated in December 2004. During the current fiscal year, unreserved fund balance in the General Fund increased to $3,213,253. The Kalamazoo Public Library has presented a budget in the 2005-2006 fiscal year drawing on those increased funds for $33,509 operating expenses.

The economic outlook for the fiscal year beginning July 1, 2005 is somewhat stronger than the previous one. Tax growth is projected at 4.2% as opposed to 3.94% for the previous year. Expenditures from fiscal year 2004-2005 are predicted to be 4.5 percent below budget. This allows the library a slightly greater level of flexibility in meeting its mission. Initiatives the Library faces for the coming year include the incorporation of several programs previously funded through gift and grants into the General Fund, including Prime Time, Reading Together, and Ready to Read, while continuing cost-saving initiatives and funding capital projects to maintain library facilities.

In fiscal year 2005-2006, the library will shift positions to improve service delivery for reader advisory services, Spanish outreach, and teen services and expects several significant retirements which will reduce total employee compensation. Any net additional costs associated with these programs and services will be offset by decreased required debt service funding.

Requests for Information

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

Kalamazoo Public Library
Statement of Net Assets
June 30, 2005

		Total Library
Assets		
Cash	$	3,584,397
Investments		1,563,857
Accounts Receivable		
Taxes		607,276
Other		129,348
Due from other government units		21,753
Other assets		168,320
Beneficial interest in assets held by foundation		68,247
Nondepreciable assets		
Land		133,173
Depreciable assets		
Buildings		15,812,619
Furniture, Equipment, Automation		3,428,649
Materials		3,549,570
Less accumulated depreciation		(7,728,604)
Total capital assets	$	15,195,407
Total assets	$	21,338,605
Liabilities		
Current liabilities		
Accounts payable	$	167,190
Salaries & wages payable		74,243
Retirement payable		12,262
Compensated Absences		176,549
Interest payable		84,780
Noncurrent liabilities		
Contracts & bonds payable within one year		1,151,799
Contracts & bonds due in more than one year		9,203,846
Total liabilities	$	10,870,669
Net Assets		
Invested in Capital Assets, Net of Related Debt	$	5,045,408
Restricted for children's endowment		16,312
Restricted for endowment		1,389,845
Restricted for debt service		258,419
Unreserved		3,757,952
Total Net Assets	$	10,467,936

Kalamazoo Public Library
Statement of Activities
For the Year Ended June 30, 2005

Program expenses

Recreational & cultural - Library		
Salaries	$	4,130,610
Benefits		1,702,108
Materials		318,618
Utilities		227,550
Supplies		177,946
Facilities management		162,553
Other		1,313,835
Debt Service interest		559,943
Depreciation Expense		1,326,103
Total Program expenses	$	9,919,266
Program revenue		
Charges for services		139,802
Operating grants and contributions		142,915
Total Program Revenues	$	282,717
Net program expenses	$	(9,636,549)
General Revenue		
Property Taxes		9,589,114
IFT/CFT Taxes		74,141
State Grants		308,049
District court penal fines		273,637
Investment return		170,457
Other		112,106
Net loss on sale/disposal of assets		(3,759)
Total General Revenue	$	10,523,745
Change in Net Assets		887,196
Restated Net Assets - beginning of year	$	9,580,740
Net Assets - end of year	$	10,467,936

Kalamazoo Public Library
Balance Sheet - Governmental Funds
Year ended June 30, 2005

	General	Debt Service	Permanent Nonexpendable Trust	Other Governmental Funds	Totals
Assets					
Cash	$ 2,915,858	$ 258,419	$ 124,227	$ 285,893	$ 3,584,397
Investments	-	-	1,281,308	282,549	1,563,857
Accounts receivable	125,756	-	-	-	125,756
Taxes receivable (net of allowances)	607,276	-	-	-	607,276
Due from other funds	-	-	622	31,433	32,055
Due from other governmental units	21,753	-	-	-	21,753
Other assets	168,320	-	-	-	168,320
Beneficial interest in assets held by foundation	-	-	-	68,247	68,247
Total assets	$ 3,838,963	$ 258,419	$ 1,406,157	$ 668,122	$ 6,171,661
Liabilities					
Accounts payable	$ 247,950	$ -	$ -	$ 2,153	$ 250,103
Accrued vacation	176,549			-	176,549
Due to other funds	32,055	-	-	-	32,055
Deferred Revenue	58,407	-	-	-	58,407
Total liabilities	$ 514,961	$ -	$ -	$ 2,153	$ 517,114
Fund Balance					
Reserved for:					
Encumbrances	$ 110,750	$ -	$ -	$ -	$ 110,750
Endowment	-	-	1,406,157	-	1,406,157
Unreserved and designated reported in:					
General Fund	2,515,000	-	-	-	2,515,000
Debt Service Fund	-	258,419	-	-	258,419
Capital Projects	-	-		378,795	378,795
Special Revenue Funds	-	-	-	275,286	275,286
Unreserved and undesignated reported in:					
General Fund	698,252	-	-	-	698,252
Special Revenue Funds	-	-	-	11,888	11,888
Total fund balance	$ 3,324,002	$ 258,419	$ 1,406,157	$ 665,969	$ 5,654,547
Total liabilities and fund balance	$ 3,838,963	$ 258,419	$ 1,406,157	$ 668,122	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	$ 15,195,407
Other long-term revenues, not available in the current period, are deferred in the funds	$ 58,407
Accrued interest payable does not require recognition in the governmental funds	$ (84,780)
Long-term liabiities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	$ (10,355,645)
Net assets of governmental activities	$ 10,467,936

Kalamazoo Public Library
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - All Governmental Fund Types
Year ended June 30, 2005

	General	Debt Service	Permanent Nonexpendable Trust	Other Governmental Funds	Totals
Revenues					
Property taxes	$ 9,666,877				$ 9,666,877
IFT/CFT taxes	74,141				74,141
State grants	308,049				308,049
Charges for services	139,802				139,802
District court penal fines	273,637				273,637
Investment return	77,646	7,267	76,002	9,543	170,458
Other	165,495	-	544	88,983	255,022
Total revenues	$ 10,705,647	$ 7,267	$ 76,546	$ 98,526	$ 10,887,986
Expenditures					
Recreational and cultural:					
Salaries	$ 4,115,514			$ 19,400	$ 4,134,914
Benefits	1,700,640			1,468	1,702,108
Materials	885,491			43,007	928,498
Utilities	227,550				227,550
Supplies	175,834			2,112	177,946
Facilities management	136,235			26,319	162,554
Other	1,224,030		7,252	103,265	1,334,547
Capital Outlay				133,731	133,731
Debt service:					
Principal		1,450,000			1,450,000
Interest	-	569,928	-	-	569,928
Total expenditures	$ 8,465,294	$ 2,019,928	$ 7,252	$ 329,302	$ 10,821,776
Excess (deficiency) of revenues over expenditures	$ 2,240,353	$ (2,012,661)	$ 69,294	$ (230,776)	$ 66,210
Other financing sources (uses)					
Operating transfers in	$ 14,535	$ 1,977,000	$ -	$ 230,871	$ 2,222,406
Operating transfers out	(2,207,350)	-	-	(15,056)	(2,222,406)
Total other financing sources (uses)	$ (2,192,815)	$ 1,977,000	$ -	$ 215,815	$ -
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	$ 47,538	$ (35,661)	$ 69,294	$ (14,961)	$ 66,210
Restated Fund balance - beginning of year	3,276,464	294,080	1,336,863	680,930	5,588,337
Fund balance - end of year	$ 3,324,002	$ 258,419	$ 1,406,157	$ 665,969	$ 5,654,547
	Net change in fund balances - total governmental funds				$ 66,210

Amounts reported for governmental activities in the statement of activities are difference because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	$ (582,494)
The net effect of disposal and sales of capital assets to net assets.	(3,756)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(77,763)
Accrued interest on bonds and assessments payable not reported in the governmental fund statements.	9,985
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,450,000
Reduction in claims and assessments payable.	20,711
Reduction in the amount of retirement payable reduces the amount of salary expense during the year.	4,303
Change in net assets of governmental activities	$ 887,196

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

c) Measurement focus, basis of accounting, and financial statement presentation:
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the nonexpendable trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

c) Measurement focus, basis of accounting, and financial statement presentation (continued): State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The government reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

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

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

d) Assets, liabilities, and net assets or equity:
i) Bank deposits and investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is proportionately allocated to all funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Receivables and payables - In general, outstanding balances between funds are reported as "due to/from other funds."

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

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

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

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

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

v) Compensated absences (vacation and sick leave) - Vacation leave is accrued as the benefits are earned by the employees and is vested by the employee up to a maximum balance determined by longevity and employee class. At termination of employment, employees are compensated for the balance accrued. All vacation pay is accrued when incurred in the government-wide and the governmental fund, as all is considered current. Sick leave benefits accumulate, but do not vest and are not payable upon termination of employment. No liability is reported for unpaid accumulated sick leave.

vi) Retirement benefits - Benefits are accumulated based on years of service and are paid out at retirement. The earned benefit is accrued as a long-term liability in the government-wide statements.

vii) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Library's 2004 tax is levied and collectible on December 1, 2004 and is recognized as revenue in the year ended June 30, 2005 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2004 taxable valuation of the participating municipalities totaled $2.511 million, on which taxes levied consisted of 3.958 for operating purposes. This resulted in approximately $9.6 million for General Fund operating. This amount was reported in the General Fund as tax revenue.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

DEPOSITS

Custodial Credit Risk of Bank Deposits:
Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Library had $3,406,270 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Library believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

INVESTMENTS

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

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

	Fair Market Value	Less than one year	1-5 years	More than 10 years
Common stock	$ 860,559	$ -	$ -	$ 860,559
Corporate bonds	221,807	74,309	147,498	-
Government bonds	198,941	-	198,941	-
	$ 1,281,307	**$ 74,309**	**$ 346,439**	**$ 860,559**

Credit Risk

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

	Fair Market Value	Credit Risk Rating
Corporate bonds	221,807	A - Standard & Poor's
Government bonds	198,941	AAA - Standards & Poor's
	$ 420,748	

NOTE 3 - MONIES HELD BY FOUNDATION

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

Additionally, funds for the benefit of the Library have been established at the foundation for the receipt of gifts from donors other than the Library. The terms of these funds allow annual distributions of gifts and or income thereon, subject to the foundation's unilateral variance power to redirect distributions. No asset is recorded for these funds, other than the annual grant (if any).

During the year ended June 30, 2005, there were no grants received from these funds. The balance in these funds as of June 30, 2005 was $44,682.

NOTE 4 - ENDOWMENT

The assets restricted for endowment consist of contributions of $1,002,003 and investment return of $404,154 totaling $1,406,157, none of which is available for expenditure. Beginning July 1, 2007, up to 50% of the earned income or capital growth of the fund may be designated for current project expenditures or reserved for future project expenditures, which will be determined by the Endowment Allocation Committee. The State of Michigan has not implemented law that limited the ability to spend net appreciation.

NOTE 5 - RECEIVABLES

All receivables as of year end for the government's individual major and nonmajor funds are current. Taxes receivable are net of allowances for doubtful accounts of $262,020.

NOTE 6 - CAPITAL ASSETS

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

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated - land	$ 133,173	$	$	$ 133,173
Capital assets not being depreciated:				
Buildings	15,812,619	-	-	15,812,619
Furniture, equipment and automation	3,324,770	133,730	29,851	3,428,649
Materials	3,475,076	609,879	535,385	3,549,570
Subtotal	22,612,465	743,609	565,236	22,790,838
Less accumulated depreciation for:				
Buildings	2,681,717	395,315	-	3,077,032
Furniture, fixtures and equipment	2,229,206	345,396	26,092	2,548,510
Materials	2,053,055	585,392	535,385	2,103,062
Subtotal	6,963,978	1,326,103	561,477	7,728,604
Net capital assets being depreciated	15,648,487	(582,494)	3,759	15,062,234
Total capital assets – net of depreciation	$15,781,660	$(582,494)	$ 3,759	$15,195,407

Depreciation expense was $1,326,103 for the year ended June 30, 2005

NOTE 7 – LONG-TERM OBLIGATIONS

Long-term debt at June 30, 2005, is comprised of the following individual issues:

$13,300,000 1996 Library facility limited tax general obligation bonds, due in annual installments of $425,000 to $1,000,000, beginning May 1, 1999 through May 1, 2014; interest payable at 3.9% to 5.4%	$ 9,000,000
$1,250,000 2002 Library facility limited tax general obligation bonds, due in annual installments of $25,000 to $300,000, beginning May 1, 2003 through May 1, 2010; interest payable at 3% to 4%	1,150,000
	10,150,000
Less current maturities	1,130,000
	$ 9,020,000

a) Long-term obligation activity for the year ended June 30, 2005 was as follows:

	Beginning balance	*Additions*	*Reductions*	*Ending balance*	*Amounts due within one year*
1995 limited tax bonds	$ 375,000	$ -	$ (375,000)	$ -	$ -
1996 limited tax bonds	9,800,000	-	(800,000)	9,000,000	1,000,000
1997 limited tax bonds	225,000	-	(225,000)	-	-
2002 limited tax bonds	1,200,000	-	(50,000)	1,150,000	130,000
Total long-term debt	11,600,000	-	(1,450,000)	10,150,000	1,130,000
Retirement payable	188,149	-	(4,303)	183,846	-
Claims payable	42,510	-	(20,711)	21,799	21,799
Total long-term obligations	$11,830,659	$ -	$(1,475,714)	$10,355,645	$1,151,799

b) Debt service requirements at June 30, 2005 were as follows (excluding retirement and claims payable):

	Principal	*Interest*
Year ending June 30:		
2006	$ 1,130,000	$ 501,828
2007	1,185,000	450,408
2008	1,240,000	396,118
2009	1,295,000	338,357
2010	1,000,000	214,000
2011-2015	4,300,000	601,000
Totals	$10,150,000	$2,501,711

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Fund	*Interfund receivables*	*Fund*	*Interfund payables*
Capital Improvement	$31,433	General	$32,055
Nonexpendable Trust	622		
Total	$32,055		

A summary of interfund transfers for the year ended June 30, 2005 is as follows:

Fund	*Transfer in*	*Fund*	*Transfer out*
Debt Service	$1,977,000	General	$1,977,000
Other governmental funds	230,871	General	230,350
General	14,535	Other governmental funds	15,056
Total	$2,222,406	Total	$2,222,406

In 2005, transfers totaling $2,222,406 were used to finance debt requirements and capital asset acquisitions.

NOTE 10 – FUND EQUITY

Reserved/Designated fund equity:

General Fund:	
Reserved for encumbrances	$ 110,750
Designated for cash flow	$ 2,400,000
Designated for Consumers Energy liability	115,000
	$ 2,515,000
Nonexpendable Trust Fund:	
Reserved for endowment	$ 1,406,157

NOTE 11 – RISK MANAGEMENT

The Library is exposed to various risks of loss to general liability, property and casualty, and workers' compensation, with such risks being managed through the purchase of commercial insurance. Insurance coverage includes protection for buildings and contents up to a limit of $33,808,423; workers' compensation coverage is limited to $1,000,000; and general liability limits are $3,000,000 per occurrence.

NOTE 13 – DEFINED BENEFIT RETIREMENT PLANS

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

b) MPSERS:
Plan description:
MPSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Article 30 of the Regulations of the State of Michigan assigns the authority to establish and amend benefit provisions to the MPSERS Board of Trustees. The MPSERS issues a publicly-available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to MPSERS, P.O. Box 30171, Lansing, Michigan 48909-7671, or by calling 1-800-381-5111.

Funding policy:
For the current fiscal year, the Library was required to contribute 14.87% of its annual covered payroll. The contribution requirements of the Plan members are established, and may be amended, by the MPSERS Board of Trustees. The Library's contributions to the Plan for the years ended June 30, 2005, 2004, and 2003, were $285,648, $264,085, and $277,851, respectively, equal to the required contributions for each year.

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

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

NOTE 13 – DEFINED BENEFIT RETIREMENT PLANS (Continued)

i) Funding policy:

MERS members are required to contribute an amount varying from 0.0% to 10.0%, depending upon which plan they fall under. The Library is required to contribute at an actuarially determined rate, which is currently 7.85% to 12.7% of annual covered payroll depending on the plan. The contribution requirements of plan members are established, and may be amended, by MERS.

For the year ended June 30, 2005, the Library contributions were $146,524, which were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2002. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level of percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) an 8.0% long-term net investment rate of return, (b) projected salary increases of 4/5% per year, and (c) 4.5% per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

ii) Trend information:

Fiscal year Ended June 30,	*Annual pension Cost (APC)*	*Percentage of APC contributed*	*Net pension obligation*
2003	120,782	100%	-
2004	129,896	100%	-
2005	146,524	100%	-

Actuarial valuaton as of December 31:

	2002	2003	2004
Actuarial value of assets	$ 787,550	$ 1,010,296	$ 1,230,793
Actuarial accrued liability (entry age)	1,093,129	1,351,399	1,582,887
Unfunded (overfunded) AAL	305,579	341,103	352,094
Funded ratio	72%	75%	78%
Covered payroll	1,258,430	1,380,479	1,525,378
UAAL as a percentage of covered payroll	24%	25%	23%

NOTE 14 – PRIOR-PERIOD ADJUSTMENT

In the basic financial statements for the year ended June 30, 2004, errors were made in accounting for accrued vacation and accrued retirement benefits. Accrued vacation is determined to be a current liability and should be recorded in the fund-based statements. The accrued retirement benefits should be accrued in the Statement of Net Assets; this amount is earned based on years of service and should be recorded as a long-term liability when earned. These errors have been corrected and have had the following effect on the beginning fund balance and net assets.

Changes in Fund Balance:

Beginning fund balance, as previous reported	$ 3,456,645
Adjustment of accrued vacation	(180,181)
Beginning fund balance, as corrected	**$ 3,276,464**

Changes in Net Assets:

Beginning net assets, as previous reported	$ 9,768,889
Adjustment of accrued retirement benefits	(188,149)
Beginning net assets, as corrected	**$ 9,580,740**

Required Supplemental Information

NOTE - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

The budget statement (statement of revenue, expenditures and changes in fund balance - budget and actual) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a functional level; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. There were no significant budget overruns during the year ended June 30, 2005.

Kalamazoo Public Library
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - General Funds
Year ended June 30, 2005

	General			
	Original Budget	Final Budget	Actual	Variance favorable (unfavorable)
Revenue				
Property Taxes	$ 9,744,931	$ 9,660,717	$ 9,666,877	$ 6,160
IFT/CFT Taxes	74,568	74,568	74,141	(427)
State grants	378,149	378,259	308,049	(70,210)
Charges for services	137,500	149,000	139,802	(9,198)
District court penal fines	250,000	250,000	273,637	23,637
Investment return	42,500	42,500	77,646	35,146
Other	178,334	153,636	165,495	11,859
Total revenues	$ 10,805,982	$ 10,708,680	$ 10,705,647	$ (3,033)
Expenditures				
Recreational and cultural				
Salaries	$ 4,118,383	$ 4,221,222	$ 4,115,514	$ 105,708
Benefits	1,811,195	1,731,050	1,700,640	30,410
Materials	950,584	949,764	885,491	64,273
Utilities	237,935	243,135	227,550	15,585
Supplies	194,246	186,646	175,834	10,812
Facilities management	124,592	142,788	136,235	6,553
Other	1,437,639	1,411,854	1,224,030	187,824
Capital outlay	-	-	-	-
Total expenditures	$ 8,874,574	$ 8,886,459	$ 8,465,294	$ 421,165
Excess of revenue over expenditures	$ 1,931,408	$ 1,822,221	$ 2,240,353	$ 418,132
Other financial sources (uses):				
Operating transfers in	$ -	$ 14,535	$ 14,535	$ -
Operating transfers out	(2,136,850)	(2,207,350)	(2,207,350)	-
Total other financial uses	$ (2,136,850)	$ (2,192,815)	$ (2,192,815)	$ -
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	$ (205,442)	$ (370,594)	$ 47,538	$ 418,132
Restated Fund balance - beginning of year	$ 3,276,464	$ 3,276,464	$ 3,276,464	$ -
Fund balance - end of year	**$ 3,071,022**	**$ 2,905,870**	**$ 3,324,002**	**$ 418,132**

Other Supplemental Information

Kalamazoo Public Library
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds					
	Agency Gifts	Reading Together	Ready to Read	Gifts & Memorials	Capital Projects	Total Non-Major Governmental Funds
Assets						
Cash	$ 99,582	$ 8,070	$ 82,471	$ 30,957	$ 64,813	$ 285,893
Investments	-	-	-	-	282,549	282,549
Beneficial interest in assets held by Foundation	68,247	-	-	-	-	68,247
Due from other funds	-	-	-	-	31,433	31,433
Total Assets	$ 167,829	$ 8,070	$ 82,471	$ 30,957	$ 378,795	$ 668,122
Liabilities						
Accounts Payable	1,568	-	129	456	-	2,153
Fund Balance						
Unreserved, designated	160,622	8,070	82,342	24,252	378,795	654,081
Unreserved, undesignated	5,639	-	-	6,249	-	11,888
Total Fund Balance	$ 166,261	$ 8,070	$ 82,342	$ 30,501	$ 378,795	$ 665,969
Total Liabilities & Fund Balance	**$ 167,829**	**$ 8,070**	**$ 82,471**	**$ 30,957**	**$ 378,795**	**$ 668,122**

Kalamazoo Public Library
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds					
	Agency Gifts	Reading Together	Ready to Read	Gifts & Memorials	Capital Projects	Total Non-Major Governmental Funds
Revenues						
Investment Return	$ 1,762	$ 200	$ 1,621	$ 598	$ 5,362	$ 9,543
Other	20,826	34,540	30,489	2,582	546	88,983
Total Revenues	22,588	34,740	32,110	3,180	5,908	98,526
Expenditures						
Recreational and cultural						
Salaries	-	19,400	-	-	-	19,400
Benefits	-	1,468	-	-	-	1,468
Materials	2,582	2,504	28,765	9,156	-	43,007
Supplies	15	1,660	437	-	-	2,112
Facilities Management	-	-	-	-	26,319	26,319
Other	34,541	25,537	13,923	116	29,148	103,265
Capital Outlay	-	-	-	-	133,731	133,731
Total Expenditures	37,138	50,569	43,125	9,272	189,198	329,302
Excess (Deficiency) of Revenue Over Expenditures	(14,550)	(15,829)	(11,015)	(6,092)	(183,290)	(230,776)
Other Financing Sources (Uses)						
Operating Transfers in	6,521	20,350	4,000	-	200,000	230,871
Operating Transfers out	(4,521)	-	-	(10,535)	-	(15,056)
Total Other Financing Sources	2,000	20,350	4,000	(10,535)	200,000	215,815
Fund Balance - Beginning of Year	178,811	3,548	89,358	47,128	362,085	680,930
Fund Balance - End of Year	**$ 166,261**	**$ 8,069**	**$ 82,343**	**$ 30,501**	**$ 378,795**	**$ 665,969**