

Southwest Michigan Library Cooperative
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended September 30, 2007

Siegfried Crandall PC

Certified Public Accountants & Advisors

To the Board of Directors
Southwest Michigan Library Cooperative

*Look for a
determination
letter first -
could end up
calling IRS
may need to
create checklist
or see if
Ann knows*

In planning and performing our audit of the financial statements of the Southwest Michigan Library Cooperative as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Southwest Michigan Library Cooperative's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

- Policies and procedures to assure timely follow-up on uncleared outstanding checks were not effective.
- Policies and procedures to assure that payments to employees are recorded and reported in accordance with Internal Revenue Service guidelines were not effective.
- Policies and procedures to assure accounting for assets transferred to member libraries were not in place.
- Policies and procedures to assure maintenance of certain transaction support were not effective.

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



- The Cooperative has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the changes in capital assets and related debt, and the presentation of financial statement disclosures. The Cooperative has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of management, the Board of Trustees, and the Department of Treasury of the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.

March 31, 2008

Southwest Michigan Library Cooperative
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INDEPENDENT AUDITORS' REPORT**
Year ended September 30, 2007

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Year ended September 30, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Southwest Michigan Library Cooperative
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Southwest Michigan Library Cooperative's (the Cooperative) financial performance provides a narrative overview of the Cooperative's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the Cooperative's financial statements.

FINANCIAL HIGHLIGHTS

- The Cooperative's total net assets increased by \$47,413 (20.8 percent) as a result of this year's activities.
- The increase, which includes a one-time transfer to member libraries of \$18,679, is attributable primarily to building rent (not present in 2006) of \$20,015 and a gain on sale of facility of \$28,549.
- The Operating Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$275,010, which represents 55.2 percent of the actual total Operating Fund expenditures for the current fiscal year.

Overview of the financial statements

The statement of net assets reports all of the Cooperative's assets and liabilities along with the difference between the two, which is identified as the net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the Cooperative's financial position is improving or deteriorating. However, other factors must also be considered when evaluating the overall financial position.

The statement of revenues, expenses, and changes in net assets shows how the Cooperative's net assets changed during the fiscal year. All changes in net assets are reported when the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave). This statement should help the reader to answer the question: Is the Cooperative, better off or worse off as a result of this year's activities?

Funds

The accounts of the Cooperative are organized on the basis of funds. 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 Cooperative's fund is classified in one category:

- *Operating Fund.* This fund accounts for the expenses involved in providing services to its constituent's who are then charged fees to recover the costs of operation. This fund uses the modified-accrual basis of accounting.

The notes to the basic financial statements provide additional information that is necessary to understand the data reported in the financial statements.

Southwest Michigan Library Cooperative
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Cooperative's case, assets exceeded liabilities at the end of the fiscal year by \$257,010. The Cooperative's investment in capital assets net of related debt (e.g., building, equipment, and vehicles), a component of the total net assets, was zero at September 30, 2007. The remaining net assets in the amount of \$275,010, is unrestricted.

Table 1 - Net assets

	<i>Governmental activities</i>	
	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 292,805	\$ 144,457
Capital assets	<u>-</u>	<u>135,754</u>
Total assets	<u>292,805</u>	<u>280,211</u>
Long-term debt	-	8,831
Other liabilities	<u>17,795</u>	<u>43,783</u>
Total liabilities	<u>17,795</u>	<u>52,614</u>
Net assets:		
Invested in capital assets, net	-	126,923
Unrestricted	<u>275,010</u>	<u>100,674</u>
Total net assets	<u>\$ 275,010</u>	<u>\$ 227,597</u>

Net assets of the Cooperative's governmental activities increased by \$47,413 (55.2 percent) to \$275,010. The increase is attributable primarily to building rent (not present in 2006) of \$20,015 and a decrease in the liability for compensated absences of \$21,504.

The total cost of the Cooperative's operations amounted to \$477,271 in 2007 compared to \$511,311 in 2006, or a 6.7% percent decrease.

In 2007, in anticipation of a significant delay in the receipt of State funding, the Cooperative curtailed operations: all employees either left or were let go, service contracts (including Autographics, the InterLoan/Database provider) were terminated, and the facility was sold. The curtailment accounted for a decrease in operating expenses of approximately \$192,000 (37.7% compared to 2006). Indirect aid and charges for services revenues derived from member libraries declined by approximately \$97,000 (51.1% compared to 2006) as operations were reduced. Despite uncertainty as to the continuance of funding, state aid decreased by only \$25,000 (9.5% compared to 2006).

At the same time, the Cooperative was awarded a \$160,600 Public Access Computer Hardware Upgrade Grant from the Bill & Melinda Gates Foundation, which was used to provide approximately \$157,000 of computers to its member libraries.

In connection the sale of the facility, the Cooperative distributed all remaining furniture and equipment to member libraries (\$18,679).

Southwest Michigan Library Cooperative
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2 - Change in net assets

	<i>Governmental activities</i>	
	<u>2007</u>	<u>2006</u>
Program revenues:		
Operating contributions and grants	\$ 223,937	\$ 118,694
Charges for services	47,059	70,806
General revenues:		
State aid	241,549	266,843
Interest	2,269	2,001
Gain/(loss) on sale of assets	<u>28,549</u>	<u>(19,538)</u>
Total revenues	<u>543,363</u>	<u>438,806</u>
Expenses:		
Recreation and culture	476,193	509,646
Interest on debt	<u>1,078</u>	<u>1,665</u>
Total expenses	<u>477,271</u>	<u>511,311</u>
Excess (deficiency) before special item	66,092	(72,505)
Special item - distributions to member libraries	<u>(18,679)</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ 47,413</u>	<u>\$ (72,505)</u>

Operating Fund budgetary highlights

There was no difference between the original budget and the final amended budget. Actual total expenditures were below the final total budget by \$35,136, as the original budget was not modified to approximate anticipated year-end amounts.

Capital assets and debt administration

Capital assets

The Cooperative's investment in capital assets for its governmental activities as of September 30, 2007, was zero, as the Cooperative disposed of all capital assets, as discussed above. The decrease in the Cooperative's net investment in capital assets for the current fiscal year was \$135,754, as follows:

Basis of property sold	\$ 107,679
Basis of property distributed to member libraries	18,679
Provision for depreciation	<u>9,396</u>
	<u>\$ 135,754</u>

More detailed information about the Cooperative's capital assets is presented in Note 4 of the basic financial statements.

Southwest Michigan Library Cooperative
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Debt administration

At the end of the fiscal year, the Cooperative reported no long-term debt outstanding. All capital related debt was paid off in cash, with no penalty for pre-payment.

Other previously reported long-term debt was comprised of compensated absences, which were completely liquidated as part of the staffing curtailment.

More detailed information about the Cooperative's long-term liabilities is presented in Note 5 of the basic financial statements.

Economic condition and outlook

The Cooperative continues to rely on support from its constituents and the state to finance all operating costs. At this time, the Cooperative has elected to maintain a significantly reduced level of operation until the State can be more definitive as to the role of regional library cooperatives.

Contacting the Cooperative's financial management

This financial report is designed to provide a general overview of the Cooperative's finances to its customers and creditors, and to demonstrate the Cooperative's accountability for the money it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Richard Hulseley, Acting Director
Southwest Michigan Library Cooperative
c/o Willard Public Library
7 West Van Buren
Battle Creek, MI 49017

Phone: (269) 968-8166

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Southwest Michigan Library Cooperative**

We have audited the accompanying financial statements of the governmental activities and the major fund of Southwest Michigan Library Cooperative as of and for the year ended September 30, 2007, which collectively comprise the Cooperative's basic financial statements as listed in the contents. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 the major fund of the Southwest Michigan Library Cooperative as of September 30, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The management's discussion and analysis and budgetary comparison schedule, as listed in the contents, are not required parts of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.

Siegfried Crandall P.C.

March 31, 2008



1958-2008

BASIC FINANCIAL STATEMENTS

Southwest Michigan Library Cooperative

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET

September 30, 2007

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of net assets</u>
ASSETS			
Cash	\$ 292,412	\$ -	\$ 292,412
Due from other governmental units	<u>393</u>	<u>-</u>	<u>393</u>
Total assets	<u>\$ 292,805</u>	<u>-</u>	<u>292,805</u>
LIABILITIES			
Accounts payable	\$ 15,561	-	15,561
Deferred revenue	<u>2,234</u>	<u>-</u>	<u>2,234</u>
Total liabilities	<u>17,795</u>	<u>-</u>	<u>17,795</u>
FUND BALANCE/NET ASSETS	<u>275,010</u>	<u>(275,010)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 292,805</u>		
Net assets - unrestricted		<u>275,010</u>	<u>275,010</u>
Total net assets		<u>\$ -</u>	<u>\$ 275,010</u>

See notes to financial statements

Southwest Michigan Library Cooperative

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

Year ended September 30, 2007

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of activities</u>
Revenues			
Local unit contributions	\$ 65,571	\$ -	\$ 65,571
Charges for services	27,044	-	27,044
State aid	241,549	-	241,549
Interest and rent:			
Building interest	2,269	-	2,269
Rent	20,015	-	20,015
Other:			
Foundation grant	158,366	-	158,366
Proceeds from sale of building/ gain on sale of building	<u>136,228</u>	<u>(107,679)</u>	<u>28,549</u>
Total revenues	<u>651,042</u>	<u>(107,679)</u>	<u>543,363</u>
EXPENDITURES/EXPENSES			
Recreation and culture	488,301	(12,108)	476,193
Distribution of assets to member libraries	-	18,679	18,679
Debt service:			
Principal	8,831	(8,831)	-
Interest	<u>1,078</u>	<u>-</u>	<u>1,078</u>
Total expenditures/expenses	<u>498,210</u>	<u>(2,260)</u>	<u>495,950</u>
EXCESS OF REVENUES OVER EXPENDITURES/ CHANGES IN NET ASSETS			
	152,832	(105,419)	47,413
FUND BALANCE/NET ASSETS - BEGINNING	<u>122,178</u>	<u>105,419</u>	<u>227,597</u>
FUND BALANCE/NET ASSETS - ENDING	<u>\$ 275,010</u>	<u>\$ -</u>	<u>\$ 275,010</u>

See notes to financial statements

Southwest Michigan Library Cooperative
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
Year ended September 30, 2007

Net change in fund balance (page 5) \$ 152,832

Amounts reported in the statement of activities are different because:

Depreciation expense in the current period (9,396)

Book value of capital asset dispositions (107,679)

Book value of capital assets distributed to member libraries (18,679)

Repayment of long-term debt 8,831

Decrease in compensated absences 21,504

Change in net assets \$ 47,413

See notes to financial statements

Southwest Michigan Library Cooperative
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Southwest Michigan Library Cooperative (the Cooperative) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Cooperative. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Cooperative has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Cooperative's financial statements.

The Cooperative was established under the authority and provision of Michigan Public Act 89 to provide library services to its member libraries. The Cooperative derives its principal operating revenues from state grants and public library members that pass a portion of their state grants to the Cooperative.

b) Basis of accounting:

The statement of net assets and the statement of activities are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenue is recorded when earned and expenses when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by provider have been met.

The operating fund statements are reported using current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available if expected to be collected in the current period or within 60 days of the end of the current fiscal year end. Expenditures are generally recognized when the related liability is incurred.

c) Assets and liabilities:

- i) Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.
- ii) Receivables* - All receivables are estimated to be fully collectible as presented. Currently all receivables are due within one year.
- iii) Capital assets* - Capital assets, which include land, buildings, equipment and furniture, and vehicles, are defined by the Cooperative as assets with an initial 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Southwest Michigan Library Cooperative
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Assets and liabilities* (continued):

iii) *Capital assets* (continued) - Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Equipment and furniture	5 - 10 years
Vehicles	10 years

iv) *Deferred revenues* - Deferred revenues represent member library assessments received in advance to be used for the next fiscal year and amounts not yet earned under contracts or restricted grants.

v) *Accumulated compensated absences* - The Cooperative's policy permits employees to accumulate an unlimited amount of earned, but unused, vacation and sick leave. Upon separation, the employees are paid for all unused vacation pay. Upon retirement, the employees are paid for all unused vacation pay and up to 90 days of sick leave.

A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Cooperative. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles for the Operating Fund. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. There were no budget variations during the current fiscal year.

NOTE 3 - DEPOSITS:

Deposits are carried at cost and are maintained at a single financial institution in the name of the Cooperative. Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended), authorizes the Cooperative to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Cooperative's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Cooperative will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At September 30, 2007, cash included deposits with a carrying amount of \$292,362 and a corresponding bank balance of \$299,660. Of the bank balance, \$199,660 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Southwest Michigan Library Cooperative
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS:

The Cooperative believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - CAPITAL ASSETS:

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets:				
Buildings and improvements	\$ 157,362	\$ -	\$ (157,362)	\$ -
Furniture and equipment	<u>76,563</u>	<u>-</u>	<u>(76,563)</u>	<u>-</u>
Subtotal	<u>233,925</u>	<u>-</u>	<u>(233,925)</u>	<u>-</u>
Less accumulated depreciation for:				
Buildings and improvements	(45,242)	(3,484)	48,726	-
Furniture and equipment	<u>(52,929)</u>	<u>(5,912)</u>	<u>58,841</u>	<u>-</u>
Subtotal	<u>(98,171)</u>	<u>(9,396)</u>	<u>107,567</u>	<u>-</u>
Total capital assets, net	<u>\$ 135,754</u>	<u>\$ (9,396)</u>	<u>\$ (126,358)</u>	<u>\$ -</u>

In 2007, the Cooperative recorded a provision for depreciation of \$9,396.

In 2007, the Cooperative disposed all capital assets: the building was sold (basis at date of sale was \$107,679), and all remaining furniture and equipment (basis at date of distribution was \$18,679) was distributed to member libraries.

NOTE 5 - LONG-TERM LIABILITIES:

At September 30, 2007, the Cooperative reported no long-term liabilities. Long-term liability activity for the year ended September 30, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Installment purchase agreements	\$ 8,831	\$ -	\$ (8,831)	\$ -
Compensated absences	<u>21,504</u>	<u>-</u>	<u>(21,504)</u>	<u>-</u>
Total long-term liabilities	<u>\$ 30,335</u>	<u>\$ -</u>	<u>\$ (30,335)</u>	<u>\$ -</u>

Southwest Michigan Library Cooperative
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - DEFINED CONTRIBUTION AND MONEY PURCHASE PLAN:

The Cooperative maintains a defined contribution plan, specifically referred to as the Cooperative Fringe Benefit Plan (the Plan). The Plan is a non-trustee plan and the Cooperative does not administer the Plan assets. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Cooperative Board of Trustees. All Cooperative employees employed for at least 32 hours per week on a regular basis are eligible to participate. Eligible employees may begin participating in the Plan after a six month probationary period. After the probationary period, the employee(s) will receive pro-rated fringe benefits retroactive to hire date. The Cooperative will contribute up to 32% of the employee's salary to the Plan. This may be health, life, disability, tax shelter annuity (it must be a 403(B) qualified plan), or another similar "fringe" program. All of the Cooperative's contributions for each participating employee (and interest allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the Plan.

At the direction of eligible employees, the Cooperative made contributions of \$13,204 into tax shelter annuity plans during the fiscal year ended September 30, 2007.

NOTE 7 - RISK MANAGEMENT:

The Cooperative is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Cooperative has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

Southwest Michigan Library Cooperative
BUDGETARY COMPARISON SCHEDULE - Operating Fund
Year ended September 30, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
State grants	\$ 242,374	\$ 242,374	\$ 241,549	\$ (825)
Contributions from local units	60,000	60,000	65,571	5,571
Charges for services	32,400	32,400	27,044	(5,356)
Interest	2,000	2,000	2,269	269
Rent	23,000	23,000	20,015	(2,985)
Other:				
Pac Hug Grant	160,600	160,600	158,366	(2,234)
Sale of building	135,000	135,000	136,228	1,228
	<u>655,374</u>	<u>655,374</u>	<u>651,042</u>	<u>(4,332)</u>
Total revenues				
EXPENDITURES				
Recreation and culture:				
For members:				
Computers	180,050	180,050	166,510	13,540
Services	143,305	143,305	131,948	11,357
Personnel	169,985	169,985	157,302	12,683
Occupancy and general costs	21,856	21,856	25,312	(3,456)
Professional services	8,200	8,200	7,229	971
	<u>523,396</u>	<u>523,396</u>	<u>488,301</u>	<u>35,095</u>
Total recreation and culture				
Debt service:				
Principal	8,850	8,850	8,831	19
Interest	1,100	1,100	1,078	22
	<u>533,346</u>	<u>533,346</u>	<u>498,210</u>	<u>35,136</u>
Total expenditures				
EXCESS OF REVENUES OVER EXPENDITURES	122,028	122,028	152,832	30,804
FUND BALANCES - BEGINNING	<u>122,178</u>	<u>122,178</u>	<u>122,178</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 244,206</u>	<u>\$ 244,206</u>	<u>\$ 275,010</u>	<u>\$ 30,804</u>