

**Financial Statements**

**Phoenixville Public Library**  
**(A Component Unit of**  
**Phoenixville Area School District)**

**June 30, 2011**

*Rainer*  
& Company

A Professional Corporation  
Certified Public Accountants



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A Professional Corporation  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

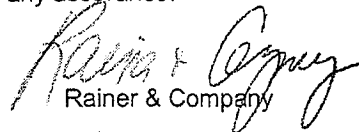
Board of Directors  
Phoenixville Public Library  
Phoenixville, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Phoenixville Public Library, Phoenixville, Pennsylvania (a component unit of Phoenixville Area School District) as of and for the year ended June 30, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Phoenixville Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Phoenixville Public Library Foundation, which is a component unit of the Phoenixville Public Library, which represents 54%, 55%, and 31%, respectively, of the assets, net assets, and revenues of the Phoenixville Public Library. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Phoenixville Public Library Foundation, is based on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Phoenixville Public Library as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Rainer & Company

December 29, 2011

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**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

As management of the Board of the Phoenixville Public Library, we offer readers of the Phoenixville Public Library financial statements this narrative overview and analysis of the financial activities of the Library for the year ended June 30, 2011.

This MD&A is intended to serve as an introduction to the Phoenixville Public Library Board's basic financial statements. The Library Board's basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Comparative information between the current year and the prior year is required to be presented in the MD&A.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The statement of net assets presents information on all of the Library's assets and liabilities. The difference between assets and liabilities is reported as net assets. When assets increase over a period of time without a corresponding increase to liabilities, there is an increase in net assets, which may indicate that the financial position of the Library is improving. Conversely, a decrease in net assets over time may indicate that the financial position of the Library is declining.

The statement of activities presents information showing how the Library's net assets changed during the year ended June 30, 2011. All changes in net assets are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported for some items that will only result in cash flows in future periods, such as prepaid expenses or accrued payroll taxes.

The government-wide statements distinguish revenues of the Library that are principally supported by the state, county and local government from revenue-generating activities which recover a portion of their costs through user charges, fees and fines.



**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

The fund financial statements distinguish the financial activities of the governmental funds of the Phoenixville Public Library. The fund financial statements focus on individual parts of the Library's operations in more detail than the government-wide statements. The governmental fund statements tell how the Library's general services were financed in the short term as well as what remains for future spending.

- Governmental Funds - Most of the Library's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Library's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**FINANCIAL HIGHLIGHTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Assets**

Current assets increased by \$51,572.

Noncurrent assets decreased by \$6,550, which was a result of \$134,469 in purchases of assets and \$141,019 in current depreciation.



**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

**Liabilities**

Current liabilities decreased by \$28,547.

The Library does not have any long-term liabilities.

**Total Net Assets**

The Library's total net assets increased by \$73,569, which was a result of current year activity.

Furniture and equipment and the Library's book collection account for 83% of total net assets. The Library follows a comprehensive Collection Development policy, which includes procedures for acquisition and weeding of the collection, to ensure that the book collection is current and maintained in good condition.

The following tables summarize the Library's net assets and changes in net assets:

**Assets:**

Total Current Assets	\$ 116,459
Capital Assets, Less Accumulated Depreciation	282,769
Book Collection, Less Accumulated Depreciation	<u>226,099</u>

TOTAL ASSETS \$ 625,327

**Liabilities:**

Total Current Liabilities	<u>\$ 14,622</u>
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**Net Assets:**

Invested in Capital Assets	508,868
Unrestricted	<u>101,837</u>
TOTAL NET ASSETS	<u>610,705</u>

TOTAL LIABILITIES AND NET ASSETS \$ 625,327



**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

**Program Revenues:**

School District Appropriations	\$ 508,326
County Appropriations	83,052
Township Contributions	4,051
State Contributions	78,151
Fines	28,964
Fees for Services	78,469
Donations	126,571
Grants	157,000
Other Revenue	3,853
<b>TOTAL PROGRAM REVENUES</b>	<b>1,068,437</b>

**General Revenues:**

Interest Income	1,509
<b>TOTAL REVENUES</b>	<b>1,069,946</b>

**Program Expenses:**

Salaries	486,499
Benefits	145,017
Books and Periodicals and Audio-Visual	40,738
Telephone and Utilities	35,718
Supplies and Office Expense	33,620
Building and Equipment Maintenance	17,327
Professional Fees	14,450
Programs	26,627
Staff Development	4,623
Equipment Leasing and Circulation System Fees	9,173
Library Board Expenses	29,103
Computer Expense	12,463
Depreciation	141,019
<b>TOTAL EXPENSES</b>	<b>996,377</b>

<b>CHANGE IN NET ASSETS</b>	<b>\$ 73,569</b>
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**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

**Change in Net Assets**

The Library's total net assets for 2011 increased by \$73,569. Total revenues for 2011 increased by \$125,160 compared to the prior year. School district contributions for 2011 increased by \$14,126, county contributions decreased \$5,650, fees for services increased \$18,205, donations decreased \$21,513 and grant revenues increased \$124,000. The Library received a federal grant from the Institute of Museum and Library Services in the amount of \$157,000 for 2011.

Total expenses decreased by \$7,494. Salaries and benefits decreased \$8,157, purchases of books, periodicals and audio-visuals increased \$14,009, program expenses increased \$2,897, and professional fees decreased \$15,698.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

A summary of Revenues, Expenditures and Changes in Fund Balance is as follows:

**Revenues:**

School District Appropriations	\$ 508,326
County Appropriations	83,052
Township Contributions	4,051
State Contributions	78,151
Fines	28,964
Fees for Services	78,469
Donations	126,571
Grants	157,000
Other Revenue	3,853
Interest Income	1,509
<b>TOTAL REVENUES</b>	<u>1,069,946</u>

**Expenditures:**

Salaries	486,499
Benefits	145,017
Books and Periodicals and Audio-Visual	141,718
Telephone and Utilities	35,718
Supplies and Office Expense	33,620
Building and Equipment Maintenance	17,327
Professional Fees	14,450
Programs	26,627
Staff Development	4,623
Equipment Leasing and Circulation System Fees	9,173
Library Board Expenses	29,103
Computer Expense	45,952
<b>TOTAL EXPENDITURES</b>	<u>989,827</u>

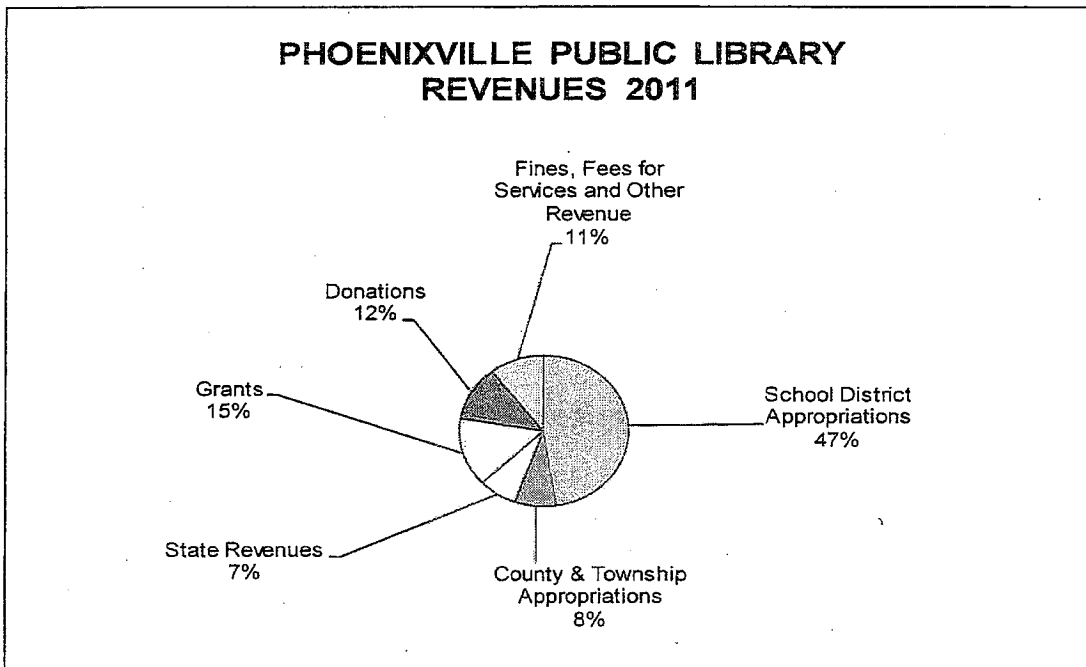
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 80,119</u></u>
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**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

**GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)**

**Revenues**

Revenues for 2011 increased by \$125,160 compared to the prior year. School district contributions for 2011 increased by \$14,126, county contributions decreased \$5,650, fees for services increased \$18,205, donations decreased \$21,513 and grant revenues increased \$124,000.



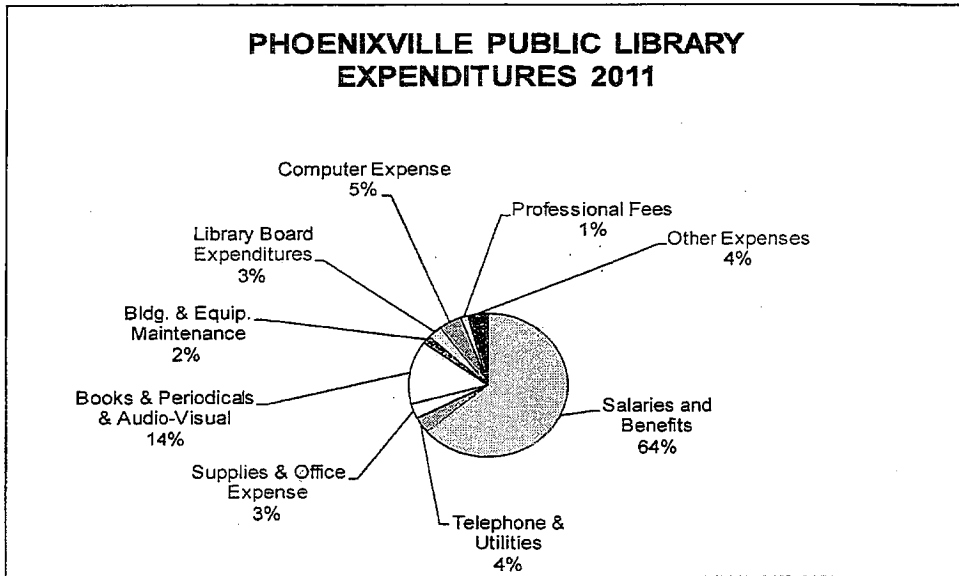


**PHOENIXVILLE PUBLIC LIBRARY**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2011**

**GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)**

**Expenditures**

Expenditures increased by \$66,639. Salaries and benefits decreased \$8,157, purchases of books, periodicals and audio-visuals increased \$53,712, professional fees decreased \$15,698, and computer expenses increased \$34,992.



**BUDGETARY HIGHLIGHTS**

The Library is not subject to a statutory budget requirement and, accordingly, budget comparisons are not presented in the financial statements. The Phoenixville Public Library adopts an annual budget for internal use.

**FINANCIAL POSITION**

The financial position of the Phoenixville Public Library has remained strong as of June 30, 2011, largely as a result of the federal grant in the amount of \$157,000. This has allowed the Library to provide more services to the public in the way of programming, additions to the materials collections, and up-to-date electronic software and hardware. The professionalism of the Library staff has also been improved through increased training and attendance at seminars and conferences.

Located in southeastern Pennsylvania, Phoenixville serves nearly 38,000 residents, including Phoenixville Borough, East Pikeland Township, Schuylkill Township and Charlestown Township. As the County grows so will the demand for quality library services. The Phoenixville Public Library is confident it will be able to meet that demand in the future.



**PHOENIXVILLE PUBLIC LIBRARY**  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>	<u>Component Unit Phoenixville Public Library Foundation</u>
<b><u>ASSETS</u></b>		
Current:		
Cash and Cash Equivalents	\$ 107,648	\$ 632,254
Investments	0	102,687
Due from Primary Government	8,811	0
<b>TOTAL CURRENT ASSETS</b>	<b>116,459</b>	<b>734,941</b>
Noncurrent:		
Capital Assets, Less Accumulated Depreciation	282,769	0
Book Collection, Less Accumulated Depreciation	226,099	0
<b>TOTAL NONCURRENT ASSETS</b>	<b>508,868</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>\$ 625,327</b>	<b>\$ 734,941</b>
<b><u>LIABILITIES</u></b>		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 14,622	\$ 0
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets	508,868	0
Temporarily Restricted	0	161,941
Unrestricted	101,837	573,000
<b>TOTAL NET ASSETS</b>	<b>610,705</b>	<b>734,941</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 625,327</b>	<b>\$ 734,941</b>

The accompanying notes are an integral part of this statement.

**PHOENIXVILLE PUBLIC LIBRARY**  
 Statement of Activities  
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net Revenue and Changes in Net Assets	Component Unit
	Charges for Service	Operating Grant from State and Local	Operating Grants and Contributions	Capital Grants and Contributions		
Library System	\$ 996,377	\$ 65,617	\$ 673,580	\$ 329,240	\$ 72,060	\$ 0
General Revenue/Expenses:						
Grants and Contributions					0	450,850
Interest Income					1,509	3,443
Realized/Unrealized Gain on Investments					0	15,318
Foundation Expenses					0	(34,426)
<b>TOTAL GENERAL REVENUES/EXPENSES</b>					<b>1,509</b>	<b>435,185</b>
<b>CHANGE IN NET ASSETS</b>					<b>73,569</b>	<b>435,185</b>
Net Assets - Beginning					<b>537,136</b>	<b>299,756</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 610,705</b>	<b>\$ 734,941</b>

The accompanying notes are an integral part of this statement.



PHOENIXVILLE PUBLIC LIBRARY

Balance Sheet

Governmental Funds

June 30, 2011

ASSETS

Cash and Cash Equivalents	\$ 107,648
Due from Primary Government	<u>8,811</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 116,459</u></u></b>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable and Accrued Expenses	\$ 14,622
Fund Balances:	
Unassigned	<u>101,837</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$ 116,459</u></u></b>

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2011

Total Fund Balances - Governmental Funds	\$ 101,837
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 as assets in governmental funds. The cost of assets is \$1,874,700, and the accumulated depreciation is \$1,365,832.	<u>508,868</u>
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 610,705</u></u></b>

The accompanying notes are an integral part of this statement.



PHOENIXVILLE PUBLIC LIBRARY  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

Revenues:	
School District Appropriations	\$ 508,326
County Appropriations	83,052
Township Contributions	4,051
State Contributions	78,151
Fines	28,964
Fees for Services	78,469
Donations	126,571
Grants	157,000
Other Revenue	3,853
Interest Income	1,509
TOTAL REVENUES	1,069,946
Expenditures:	
Salaries	486,499
Benefits	145,017
Books and Periodicals and Audio-Visual	141,718
Telephone and Utilities	35,718
Supplies and Office Expense	33,620
Building and Equipment Maintenance	17,327
Professional Fees	14,450
Programs	26,627
Staff Development	4,623
Equipment Leasing and Circulation System Fees	9,173
Library Board Expenses	29,103
Computer Expense	45,952
TOTAL EXPENDITURES	989,827
NET CHANGE IN FUND BALANCE	80,119
Fund Balance - Beginning	21,718
FUND BALANCE - ENDING	\$ 101,837

The accompanying notes are an integral part of this statement.

**PHOENIXVILLE PUBLIC LIBRARY**  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2011

Total Net Change in Fund Balance - Governmental Fund \$ 80,119

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

Capital outlays are reported in governmental funds as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over their estimated  
useful lives as depreciation expense. This is the amount by which depreciation expense,  
\$141,019, exceeds capital outlays, \$134,469 in the period

(6,550)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 73,569

**PHOENIXVILLE PUBLIC LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1 - Summary of Significant Accounting Policies**

The Library's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Library are discussed below.

The Library adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*; Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

- The financial statements include:
  - ◆ Management Discussion and Analysis (MD&A) section providing an analysis of the Library's overall financial position and results of operations.
  - ◆ Financial statements prepared using full accrual accounting for all of the Library's activities.

**A. Reporting Entity**

The Library is a component unit of the Phoenixville Area School District because the Library is dependent on the School District for both financial resources and for the appointment of Board members.

**Discretely Presented Component Unit:**

The Phoenixville Public Library Foundation serves the Phoenixville Public Library. The Foundation is presented as a governmental fund type and has a June 30 year end.

**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 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements

**PHOENIXVILLE PUBLIC LIBRARY**  
Notes to Financial Statements  
June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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 fiduciary 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 when they are collectible 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Library reports the following major government fund:

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$500 (amount not rounded) 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Leasehold Improvements	20 Years
Furniture and Equipment	3-10 Years
Book Collection	5 Years

D. Cash Deposited in Financial Institutions

The Library maintains cash balances at one financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation. In the normal course of business, the Library may have deposits that exceed insured balances.

E. Exhaustible Collections and Books

Collections and books that are exhaustible are capitalized; books used in the circulating library have not been capitalized because their estimated useful lives are less than one year.



**PHOENIXVILLE PUBLIC LIBRARY**  
Notes to Financial Statements  
June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - Revenues

The Phoenixville Public Library is considered a component unit of the Phoenixville Area School District. The Library Board is officially appointed by the School Board. The Library receives a substantial amount of its support from the School District. During 2011, the contributions from the School District totaled \$508,326. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. The Library also occupies, without charge, a building owned by the School District. The Library shares responsibility of maintenance costs with the School District.

NOTE 3 - Deposits and Investments

Deposits - As of June 30, 2011, the total carrying amount of the Library's deposits was \$739,902 and the corresponding bank balance was \$802,862.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a policy for custodial credit risk. The bank balances are covered by federal depository insurance.

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Library has no investment subject to custodial credit risk.

Interest Rate Risk - The Library has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Library has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk - The Library has no investment policy that would limit the amount the Library may invest in one issuer.

Chester County Community Foundation  
Pooled Investments - At Market Value

Phoenixville  
Public Library  
Foundation

\$ 102,687

**PHOENIXVILLE PUBLIC LIBRARY**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 4 - Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Leasehold Improvements	\$ 473,481	\$ 0	\$ 0	\$ 473,481
Furniture and Equipment	376,883	33,489	0	410,372
<b>TOTAL CAPITAL ASSETS</b>	<b>850,364</b>	<b>33,489</b>	<b>0</b>	<b>883,853</b>
Accumulated Depreciation for:				
Leasehold Improvements	230,064	23,674	0	253,738
Furniture and Equipment	328,856	18,490	0	347,346
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>558,920</b>	<b>42,164</b>	<b>0</b>	<b>601,084</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$ 291,444</b>	<b>\$ (8,675)</b>	<b>\$ 0</b>	<b>\$ 282,769</b>
Book Collection:				
Exhaustible Book Collection	\$ 889,867	\$ 100,980	\$ 0	\$ 990,847
Accumulated Depreciation for:				
Book Collection	665,893	98,855	0	764,748
<b>BOOK COLLECTION, NET</b>	<b>\$ 223,974</b>	<b>\$ 2,125</b>	<b>\$ 0</b>	<b>\$ 226,099</b>

Depreciation expense was \$141,019 for the year ended June 30, 2011.

**NOTE 5 - Line of Credit**

The Library has available a \$36,000 line of credit arrangement with a financial institution bearing interest at prime minus 1.5%. The line of credit is collateralized by Library assets. At June 30, 2011, there was no outstanding balance.

**NOTE 6 - Subsequent Events**

The Library has evaluated subsequent events through December 29, 2011, which represents the date the financial statements were available to be issued.