

Financial Statements

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

June 30, 2010

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, 2010, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2010, 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 & Cor

January 3, 2011

PHOENIXVILLE PUBLIC LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2010

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, 2010.

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, 2010. 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, 2010

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 \$8,639.

Noncurrent assets decreased by \$80,683, which was a result of \$62,371 in purchases of assets and \$143,054 in current depreciation.

PHOENIXVILLE PUBLIC LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2010

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Liabilities

Current liabilities decreased by \$12,959.

The Library does not have any long-term liabilities.

Total Net Assets

The Library's total net assets decreased by \$59,085, which was a result of current year activity.

Furniture and equipment and the Library's book collection account for 96% 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	\$ 64,887
Capital Assets, Less Accumulated Depreciation	291,444
Book Collection, Less Accumulated Depreciation	<u>223,974</u>
TOTAL ASSETS	<u>\$ 580,305</u>

Liabilities:

Total Current Liabilities	<u>\$ 43,169</u>
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Net Assets:

Invested in Capital Assets	515,418
Unrestricted	<u>21,718</u>
TOTAL NET ASSETS	<u>537,136</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 580,305</u>

PHOENIXVILLE PUBLIC LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2010

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Program Revenues:

School District Appropriations	\$ 494,200
County Appropriations	88,702
Township Contributions	4,051
State Contributions	82,157
Fines	29,114
Donations	176,310
Grants	33,000
Other Revenue	35,754
TOTAL PROGRAM REVENUES	<u>943,288</u>

General Revenues:

Interest Income	<u>1,498</u>
TOTAL REVENUES	<u>944,786</u>

Program Expenses:

Salaries	499,797
Benefits	139,876
Books and Periodicals and Audio-Visual	26,729
Telephone and Utilities	35,755
Supplies and Office Expense	28,971
Building and Equipment Maintenance	18,596
Professional Fees	30,148
Programs	23,730
Staff Development	4,958
Equipment Leasing and Circulation System Fees	8,285
Library Board Expenses	33,921
Furniture & Equipment	10,051
Depreciation	143,054
TOTAL EXPENSES	<u>1,003,871</u>

CHANGE IN NET ASSETS	<u><u>\$ (59,085)</u></u>
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PHOENIXVILLE PUBLIC LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2010

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Change in Net Assets

The Library's total net assets for 2010 decreased by \$59,085. Total revenues for 2010 increased by \$12,321 compared to the prior year. School district contributions for 2010 increased by \$16,692, state contributions decreased \$50,130, donations increased \$26,973 and grant revenues increased \$28,000.

Total expenses decreased by \$11,846. Salaries and benefits decreased \$5,050, purchases of books, periodicals and audio-visuals decreased \$5,091, and professional fees increased \$7,478 and depreciation expense decreased \$7,304.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

Revenues:

School District Appropriations	\$ 494,200
County Appropriations	88,702
Township Contributions	4,051
State Contributions	82,157
Fines	29,114
Donations	176,310
Grants	33,000
Other Revenue	35,754
Interest Income	1,498
TOTAL REVENUES	<u>944,786</u>

Expenditures:

Salaries	499,797
Benefits	139,876
Books and Periodicals and Audio-Visual	88,006
Telephone and Utilities	35,755
Supplies and Office Expense	28,971
Building and Equipment Maintenance	18,596
Professional Fees	30,148
Programs	23,730
Staff Development	4,958
Equipment Leasing and Circulation System Fees	8,285
Library Board Expenses	33,921
Furniture and Equipment	185
Computers and Computer Expense	10,960
TOTAL EXPENDITURES	<u>923,188</u>

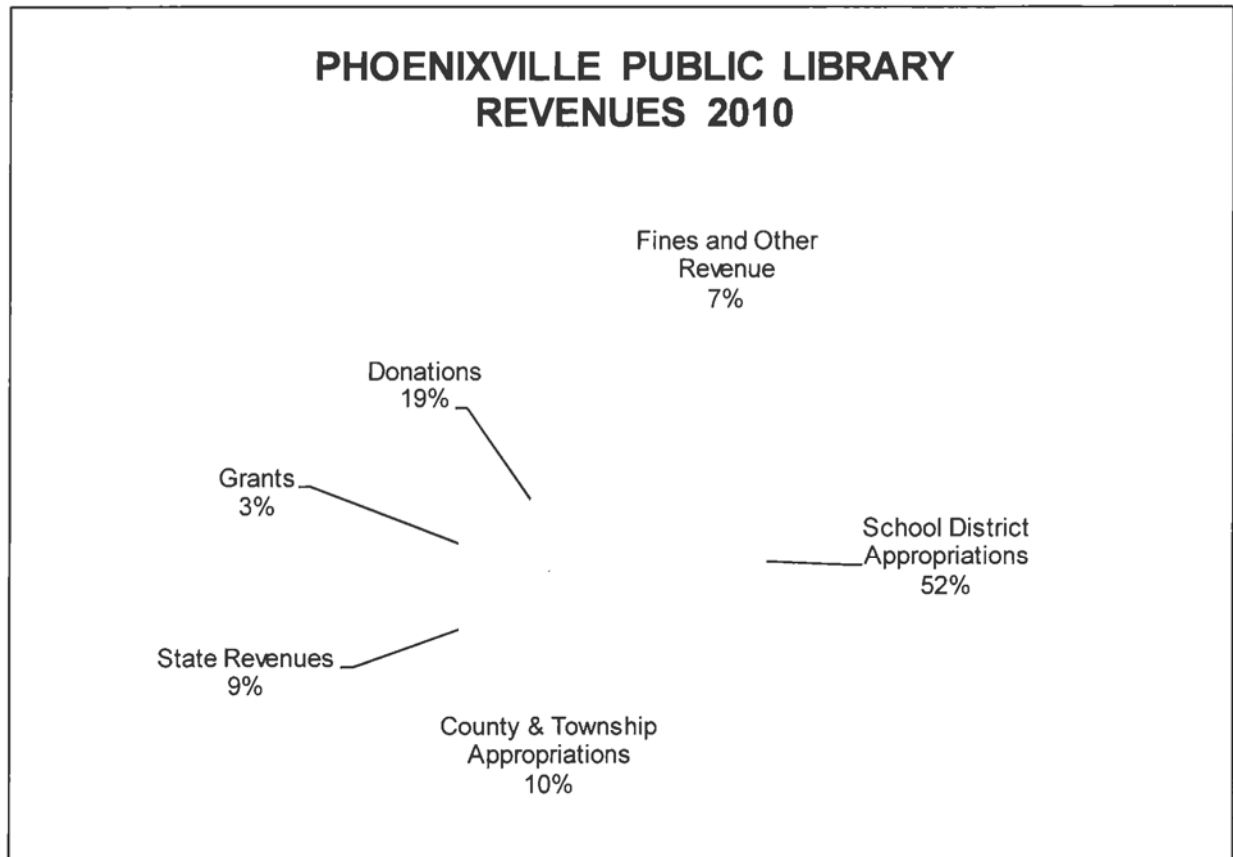
NET CHANGE IN FUND BALANCE \$ 21,598

PHOENIXVILLE PUBLIC LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2010

GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)

Revenues

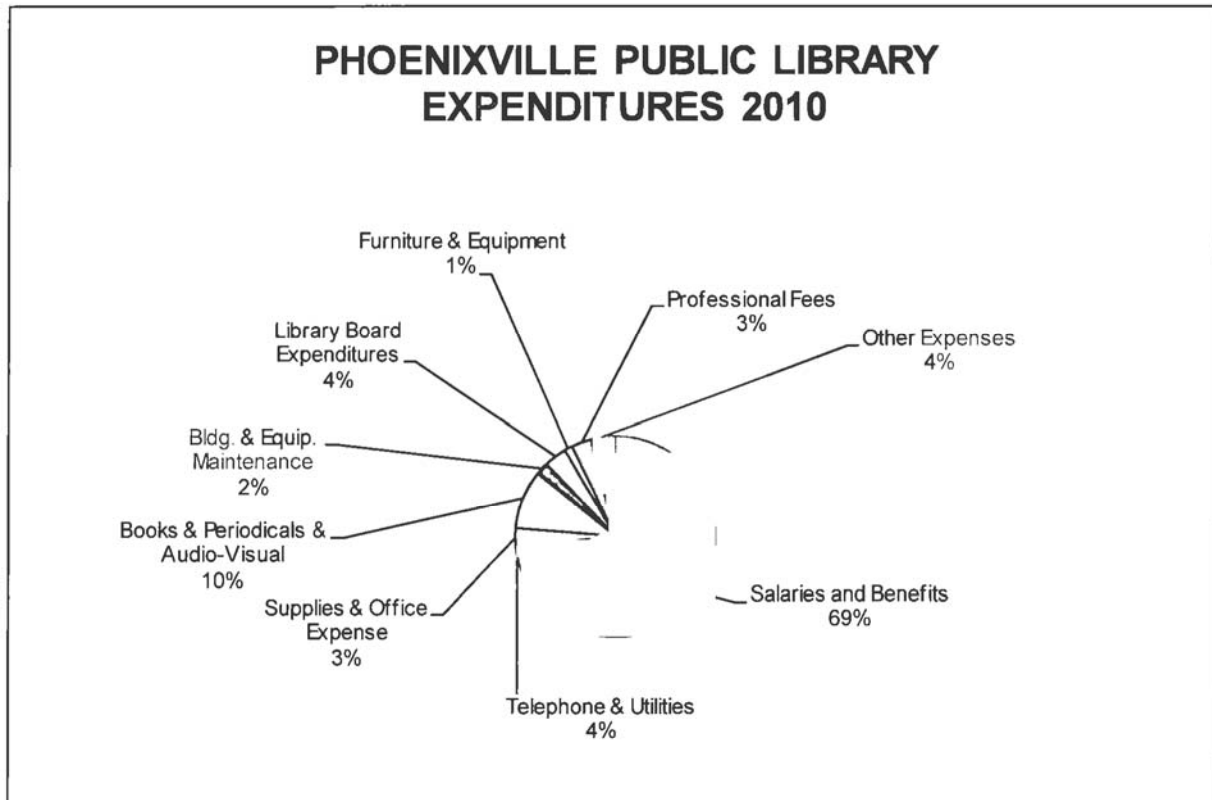
Revenues for 2010 increased by \$12,321 compared to the prior year. School district contributions for 2010 increased by \$16,692, state contributions decreased \$50,130, donations increased \$26,973 and grant revenues increased \$28,000.



PHOENIXVILLE PUBLIC LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2010

Expenditures

Expenses decreased by \$40,211. Salaries and benefits decreased \$5,050, purchases of books periodicals and audio-visuals decreased \$34,732, professional fees increased \$7,478, and furniture and equipment purchases decreased \$6,133.



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, 2010. 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 has approximately 28,000 residents. 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, 2010

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Component Unit Phoenixville Public Library Foundation</u>
Current:		
Cash and Cash Equivalents	\$ 61,615	\$ 221,836
Investments	0	87,369
Due from Component Unit	937	0
Prepaid Expenses	2,335	0
TOTAL CURRENT ASSETS	<u>64,887</u>	<u>309,205</u>
Noncurrent:		
Capital Assets, Less Accumulated Depreciation	291,444	0
Book Collection, Less Accumulated Depreciation	223,974	0
TOTAL NONCURRENT ASSETS	<u>515,418</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 580,305</u>	<u>\$ 309,205</u>
<u>LIABILITIES</u>		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 43,169	\$ 8,512
Due to Primary Government	0	937
TOTAL LIABILITIES	<u>43,169</u>	<u>9,449</u>
<u>NET ASSETS</u>		
Invested in Capital Assets	515,418	0
Unrestricted	21,718	299,756
TOTAL NET ASSETS	<u>537,136</u>	<u>299,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 580,305</u>	<u>\$ 309,205</u>

The accompanying notes are an integral part of this statement.

PHOENIXVILLE PUBLIC LIBRARY
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Component Unit
	Charges for Service	Operating Grant from State and Local	Operating Grants and Contributions		
Library System	\$ 1,003,871	\$ 64,868	\$ 669,110	\$ 209,310	\$ 0
				\$ (60,583)	\$ 0
General Revenue/Expenses:					
Grants and Contributions Not Restricted				0	625
Interest Income				1,498	6,535
Realized/Unrealized Gain on Investments				0	7,533
Foundation Expenses				0	(154,077)
TOTAL GENERAL REVENUES/EXPENSES				<u>1,498</u>	<u>(139,384)</u>
CHANGE IN NET ASSETS				(59,085)	(139,384)
Net Assets - Beginning				596,221	439,140
NET ASSETS - ENDING				<u>\$ 537,136</u>	<u>\$ 299,756</u>

The accompanying notes are an integral part of this statement.

PHOENIXVILLE PUBLIC LIBRARY
Balance Sheet
Governmental Funds
June 30, 2010

ASSETS

Cash and Cash Equivalents	\$ 61,615
Other Receivables	937
Prepaid Expenses	<u>2,335</u>
TOTAL ASSETS	<u><u>\$ 64,887</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable and Accrued Expenses	\$ 43,169
Fund Balances:	
Unrestricted	<u>21,718</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 64,887</u></u>

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2010

Total Fund Balances - Governmental Funds	\$ 21,718
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>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 \$1,740,231, and the accumulated depreciation is \$1,224,813.</p>	
	<u>515,418</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u><u>\$ 537,136</u></u>

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, 2010

Revenues:	
School District Appropriations	\$ 494,200
County Appropriations	88,702
Township Contributions	4,051
State Contributions	82,157
Fines	29,114
Donations	176,310
Grants	33,000
Other Revenue	35,754
Interest Income	1,498
TOTAL REVENUES	944,786
Expenditures:	
Salaries	499,797
Benefits	139,876
Books and Periodicals and Audio-Visual	88,006
Telephone and Utilities	35,755
Supplies and Office Expense	28,971
Building and Equipment Maintenance	18,596
Professional Fees	30,148
Programs	23,730
Staff Development	4,958
Equipment Leasing and Circulation System Fees	8,285
Library Board Expenses	33,921
Furniture and Equipment	185
Computers and Computer Expense	10,960
TOTAL EXPENDITURES	923,188
NET CHANGE IN FUND BALANCE	21,598
Fund Balance - Beginning	120
FUND BALANCE - ENDING	\$ 21,718

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, 2010

Total Net Change in Fund Balance - Governmental Fund	\$ 21,598
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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, \$143,054, exceeds capital outlays, \$62,371 in the period</p>	<u>(80,683)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (59,085)</u></u>

The accompanying notes are an integral part of this statement.

PHOENIXVILLE PUBLIC LIBRARY

Notes to Financial Statements

June 30, 2010

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 governed by the Library's board. 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, 2010

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.

PHOENIXVILLE PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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 several financial institutions. The accounts at these institutions 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.

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 2010, the contributions from the School District totaled \$494,200. 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.

PHOENIXVILLE PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2010

NOTE 3 - Deposits and Investments

Deposits - As of June 30, 2010, the total carrying amount of the Library's deposits was \$283,451 and the corresponding bank balance was \$305,475.

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.

Investments consist of:

	Phoenixville Public Library Foundation
Chester County Community Foundation Pooled Investments - At Market Value	<u>\$ 87,369</u>

PHOENIXVILLE PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2010

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	375,789	1,094	0	376,883
TOTAL CAPITAL ASSETS	<u>849,270</u>	<u>1,094</u>	<u>0</u>	<u>850,364</u>
Accumulated Depreciation for:				
Leasehold Improvements	206,390	23,674	0	230,064
Furniture and Equipment	314,288	14,568	0	328,856
TOTAL ACCUMULATED DEPRECIATION	<u>520,678</u>	<u>38,242</u>	<u>0</u>	<u>558,920</u>
CAPITAL ASSETS, NET	<u>\$ 328,592</u>	<u>\$ (37,148)</u>	<u>\$ 0</u>	<u>\$ 291,444</u>
Book Collection:				
Exhaustible Book Collection	\$ 828,590	\$ 61,277	\$ 0	\$ 889,867
Accumulated Depreciation for:				
Book Collection	<u>\$ 561,081</u>	<u>\$ 104,812</u>	<u>\$ 0</u>	<u>\$ 665,893</u>
BOOK COLLECTION, NET	<u>\$ 267,509</u>	<u>\$ (43,535)</u>	<u>\$ 0</u>	<u>\$ 223,974</u>

Depreciation expense was \$143,054 for the year ended June 30, 2010.

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, 2010, there was no outstanding balance.

NOTE 6 - Subsequent Events

The Library has evaluated subsequent events through January 3, 2011, which represents the date the financial statements were available to be issued.