

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
DECEMBER 31, 2013**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA

DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Library System of Lancaster County
Lancaster, Pennsylvania

We have audited the accompanying financial statements of Library System of Lancaster County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Library System of Lancaster County as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information on pages 13 and 14 are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Sager, Swisher and Company, LLP

Lancaster, Pennsylvania
June 17, 2014

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

	2013	2012	Increase (Decrease)
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$816,648	\$846,905	(\$30,257)
Accounts Receivable	113,960	73,136	40,824
Prepaid Expenses	96,104	83,260	12,844
Total Current Assets	1,026,712	1,003,301	23,411
Property and Equipment			
Furniture and Equipment	442,419	404,824	37,595
Vehicles	12,140	12,140	--
Leasehold Improvements	148,405	145,610	2,795
Total Property and Equipment	602,964	562,574	40,120
Less Accumulated Depreciation	348,104	300,415	(47,689)
Net Property and Equipment	254,860	262,159	(7,299)
Other Assets			
Accounts Receivable – L/T	20,132	50,121	(29,989)
Security Deposit	5,335	5,335	--
Total Other Assets	25,467	55,456	(29,989)
TOTAL ASSETS	\$1,307,038	\$1,320,916	(\$13,878)
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$93,573	\$40,986	(\$52,587)
Accrued Wages	645	587	(58)
Due to Member Libraries – Discounts	261	3,169	2,908
Accrued Expenses	18,029	23,066	5,037
Deferred Revenue	1,370	15,294	13,924
Due to Staff Association	373	393	20
Due to Member Libraries Fundraisers	3,257	2,672	(585)
Due to Council of Friends	4,527	6,653	2,126
Total Current Liabilities	122,036	92,820	(29,216)
NET ASSETS			
Unrestricted Net Assets	1,185,002	1,228,096	(43,094)
Temporarily Restricted Net Assets	--	--	--
Permanently Restricted Net Assets	--	--	--
Total Net Assets	1,185,002	1,228,096	(43,094)
TOTAL LIABILITIES AND NET ASSETS	\$1,307,038	\$1,320,916	(\$13,878)

The accompanying notes are an integral part of these financial statements.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND OTHER REVENUE		
Public Support		
State Funding		
Quality Aid	\$605,069	\$605,069
Excellence Aid	690,021	690,021
County Coordination Aid	223,620	223,620
Equal Grant Aid	31,943	31,943
Total State Funding	1,550,653	1,550,653
County Funding	2,013,076	2,070,000
Total State and County Funding	3,563,729	3,620,653
Less Disbursements to Member Libraries	1,482,470	1,487,283
State and County Funding Retained by the System	2,081,259	2,133,370
Grants	7,228	66,735
Less Grants Disbursed to Member Libraries	--	24,083
Grants Retained by the System	7,228	42,652
Total Public Support	2,088,487	2,176,022
Other Revenue	12,964	12,563
TOTAL PUBLIC SUPPORT AND OTHER REVENUE	2,101,451	2,188,585
 OPERATING EXPENSES		
Salaries and Benefits	1,231,745	1,157,458
Collection Expenses	258,204	281,004
Program and Operating Expenses	606,907	624,519
Depreciation Expense	47,689	40,706
TOTAL OPERATING EXPENSES	2,144,545	2,103,687
(DECREASE) IN UNRESTRICTED NET ASSETS	(43,094)	84,898
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	--	--
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	--	--
(DECREASE) IN NET ASSETS	(43,094)	84,898
NET ASSETS – BEGINNING OF YEAR	1,228,096	1,143,198
NET ASSETS – END OF YEAR	\$1,185,002	\$1,228,096

The accompanying notes are an integral part of these financial statements.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	(\$43,094)	\$84,898
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	47,689	40,706
Loss on Disposition of Fixed Assets	--	904
(Increase) Decrease In		
Accounts Receivable	(21,417)	(11,093)
Prepaid Expenses	(12,844)	21,744
Security Deposit	--	2,750
Increase (Decrease) In		
Accounts Payable	63,169	(51,019)
Accrued Wages	58	(36,985)
Accrued Severance	--	--
Accrued Expenses	(5,038)	5,293
Due to Council of Friends	(2,126)	1,298
Due to Staff Association	(21)	(161)
Due to Member Libraries - Discounts	(2,908)	3,169
Due to Member Library Fundraisers	584	889
Deferred Revenue	(13,924)	3,544
	10,128	65,937
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(38,529)	(121,006)
	(38,529)	(121,006)
NET CASH (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	--	--
NET (DECREASE) IN CASH	(28,401)	(55,069)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	846,905	901,974
CASH AND CASH EQUIVALENTS – END OF YEAR	\$816,648	\$846,905

**SUPPLEMENTAL CASH FLOW DISCLOSURES
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Cash Paid for				
Interest	\$	--	\$	--
Income Taxes	\$	--	\$	--

The accompanying notes are an integral part of these financial statements.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – ORGANIZATION SUMMARY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION SUMMARY

The Library System of Lancaster County (“the Organization”) was incorporated in Pennsylvania on April 23, 1987. The Library System was established to directly receive and distribute funds and to provide services to all local public libraries in Lancaster County. In addition, the Library System is responsible for planning and overseeing long-range programs and development of public library services in Lancaster County.

The Organization is recognized as a tax-exempt organization under Internal Revenue Code 501(c)(3) and, therefore, is generally not subject to federal income taxes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Organization follows the accrual basis of accounting. Revenue and gains are recognized in the period in which earned. Expenses and losses are recognized when incurred.

B. Fixed Assets and Depreciation

Fixed assets with a useful life more than one year and a composite cost of over \$2,500 are carried at cost (fair value if contributed) less accumulated depreciation computed using the straight-line method over their estimated useful lives.

C. Accounts Receivable

It is the Organization’s policy to record an allowance for doubtful accounts based on management’s assessment of the collectability of specific balances and the aging of accounts receivable. Management has determined that no valuation allowance for uncollectible accounts is required as of December 31, 2013 and 2012.

D. Advertising

The Organization follows the policy of charging the cost of advertising to expense as incurred. Amounts charged to expense for advertising for the years ended December 31, 2013 and 2012 totaled \$11,981 and \$2,817.

E. Cash and Cash Equivalents

For the purpose of the statement of cash flows, The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

F. Investments

The Organization reflects investments within its financial statements in accordance with the FASB ASC Topic relating to investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – ORGANIZATION SUMMARY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Donations

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the temporarily restricted net asset becomes unrestricted within the same period as the contribution, then the contributions are reported in the financial statements as unrestricted support.

Gifts of land, buildings, and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

H. Grants and Contracts

The Organization accounts for grant and contract revenue, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal requirements of each individual program are used as guidance. All funds not expended in accordance with the grant or contract are recorded as a liability to the grantor as the Organization does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the statement of financial position.

I. Financial Statement Presentation

Under the FASB ASC Topic relating to financial statement presentation, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, The Organization is required to present a statement of cash flows.

J. Estimates

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

K. Uncertain Tax Positions

The Organization has adopted the provisions of the FASB ASC Topic relating to Income Taxes, relating to accounting for uncertainty in income taxes. The Organization recognizes the benefits or liabilities associated with a tax position during the period which, based on available evidence, management believes it is more likely than not that the position will be upheld upon examination. Tax positions that are other than routine business transactions are reevaluated annually. Generally the statute of limitations for filed returns is three years from the date of filing.

Management is not aware of any uncertain positions taken by the Organization.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

L. Compensated Absences

The Organization maintains a leave time policy in which employees can accrue earned leave time. Employees may carry over a maximum of half their annual eligibility of unused vacation time to the next year. The maximum amount that could be carried over by any employee is 12.5 days. Employees will be compensated for their balance of accrued vacation time upon voluntary termination or retirement. Employees may also carry over a maximum 975 hours of earned sick leave and are eligible, upon retirement, to receive payment of half their sick leave balance, up to 20 days.

It is the Organization's policy to record an accrued liability for material compensated absences. There were no material compensated absences requiring recognition as a liability as of December 31, 2013 and 2012.

M. Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

N. Management's Review

Management has evaluated subsequent events through June 17, 2014, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of the following as of December 31, 2013 and 2012:

	2013	2012
Integrity Bank General Account	\$557,176	\$ --
Integrity Bank Certificate of Deposit	250,000	--
Fulton Bank General Account	4,945	25,879
Fulton Bank Council of Friends General Account	4,527	6,653
Fulton Bank Money Market	--	814,373
	\$816,648	\$846,905

NOTE 3 – CONCENTRATIONS

The Organization has checking accounts and a certificate of deposit at local banks. Bank deposits totaled \$854,381 as of December 31, 2013 of which \$261,599 is federally insured. Other amounts included in cash are not federally insured. All excess amounts are collateralized by a pool of marketable securities. This pool meets the requirement of Act 72, 1971 Session of the Pennsylvania General Assembly concerning deposits of public funds

The revenue from the County of Lancaster totaled \$2,013,076 or 56% of total revenue and \$2,070,000 or 56% of total revenue for the years ended December 31, 2013 and 2012, respectively. The revenue from the Commonwealth of Pennsylvania totaled \$1,550,653 or 43% of total revenue and \$1,550,653 or 42% of total revenue for the years ended December 31, 2013 and 2012, respectively.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 – NET ASSETS

Unrestricted net assets consist of the following as of December 31, 2013 and 2012:

	2013	2012
Designated by the Board of Trustees	\$909,605	\$919,401
Undesignated	275,397	308,695
	\$1,185,002	\$1,228,096

NOTE 5 – LONG-TERM LEASE

The Organization entered into a 5-year property lease from December 1, 2011 through November 30, 2016. The property lease is for facilities from which the Organization conducts its central operations. Rent payments are fixed at \$4,718.00 base per month for the first year. In the second through the fifth year the minimum fixed annual rent will increase per schedule in lease agreement. Additional rents for Common Area Maintenance and HVAC Maintenance are assessed at the beginning of the calendar year based on budgeted amounts and reconciled annually with actual expenditures by the landlord. For the calendar year 2013 and 2012, fixed rent payments totaled \$76,512 and \$74,281, respectively.

Future minimum annual property lease payments (excluding CAM and HVAC) are as follows:

December 31, 2014	\$59,606
December 31, 2015	61,096
November 30, 2016	57,286
	\$177,988

NOTE 6 – OPERATING LEASE

The Organization entered into a lease with Leaf Financial Corporation for a folder/insert machine in September 2007. The lease was for thirty-six months ending September 30, 2010 with a monthly payment of \$212. At the end of the lease the Organization decided to keep the piece of equipment and lease on a month to month basis. The folder/insert was purchased outright in December of 2013. Total lease payments for calendar year 2013 and 2012 were \$2,811 and \$3,640, respectively

There are no future minimum annual operating lease payments.

NOTE 7 – RETIREMENT

The Organization offers a salary reduction tax deferred annuity under Internal Revenue Code section 403(b). All employees are required, as a condition of employment, to participate after completion of a 90-day introductory period. Under this plan, pre-tax contributions are made for the calendar years 2013 and 2012 of 5% of the employee's gross wages or the maximum allowable under current IRS regulations, whichever is less. Additionally, the Organization contributes 5% of the employees' gross wages up to the maximum allowed by law. Contributions made for the years ended December 31, 2013 and 2012 were \$33,024 and \$41,540, respectively.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 – BOOKMOBILE

The Bookmobile is used in the daily operations of the Organization. The Bookmobile was purchased by the County of Lancaster and, as such, is not recorded on the Statement of Financial Position. The Organization insures the contents of the Bookmobile. The County Commissioners approve the Organization's Board of Trustees.

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES

Functional expenses are charged directly to program, management and general, or fundraising in general categories based on specific identification. The allocation of total expenses as of December 31, 2013 and 2012 is as follows:

	2013	2012
Program Expenses	\$1,681,539	\$1,713,659
Management & General Expenses	449,492	386,373
Fundraising Expenses	13,514	3,655
	\$2,144,545	\$2,103,687

NOTE 10 – CONTINGENCIES

The Organization participates in various federal, state and locally funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the Organization is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The Organization's management is not aware of any material items of noncompliance that would result in the disallowance of program expenses.

NOTE 11 – DEFERRED REVENUE

Deferred revenue as of December 31, 2013 and 2012 consists of the following:

	2013	2012
Daniel Guild – (Business Dev.)	\$ --	\$ 2,000
PNC "Grow Up Great Grant"	--	11,598
Educational Improvement Tax Credit	1,000	--
Other Deferred Revenue	370	1,696
	\$1,370	\$15,294

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 12 – FAIR VALUE MEASUREMENTS

The FASB ASC Topic relating to Fair Value Measurements and Disclosures establishes a framework for measuring fair value. The Organization has adopted the provisions of FASB ASU 2011-4, Improving Disclosures about Fair Value Measurements, effective for the year ended December 31, 2013. The adoption of the ASU resulted in more detailed presentation of The Organization's investments by fair value hierarchy level.

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements), the three level of fair value hierarchy under FASB ASC are described as follows:

Level 1 - inputs to the valuation methodology are adjusted quoted prices for identical assets or liabilities in active markets that The Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Money Market Funds: Valued at the closing price reported in the principal market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

The following table sets forth by level, within the fair value hierarchy, The Organization's assets that are measured at fair value on a recurring basis as of December 31, 2013 and 2012:

Cash and cash equivalents consist of the following money market funds as of December 31, 2012 and 2011:

	<u>2013</u>		<u>2012</u>	
	<u>Level 1</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Fair Value</u>
ASSETS				
Fulton Bank Money Market Fund	\$ --	\$ --	\$ 814,373	\$ 814,373
Total Money Market Funds	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 814,373</u>	<u>\$ 814,373</u>

Interest income for the years ended December 31, 2013 and 2012 totaled \$3,750 and \$2,270 respectively.

NOTE 13 – MEMBER LIBRARY COMPUTER RECEIVABLE

In November 2012, the Library System of Lancaster County entered into a three year agreement with the member libraries to purchase 224 personal computers on their behalf. The Library System subsidized each computer in the amount of \$100.00 and financed the remaining balance over three years. The financing was interest free. As the computers were purchased, a corresponding receivable was established with signed agreement that payments to The Library System would be taken directly from each libraries State aid over the next three years. First years payment was received in January and February of 2013 in the amount of \$34,917. The remaining balance of \$40,264 remains in Accounts Receivable – Current Assets and Accounts Receivable - Long term Assets at \$25,060 and \$15,204 respectively.

SUPPLEMENTAL INFORMATION
OF
LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA
DECEMBER 31, 2013

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**DETAILED OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
OPERATING EXPENSES		
Salaries and Benefits:		
Salaries and Wages	\$933,450	\$899,571
Fringe Benefits	15,725	15,215
Health Insurance	164,775	122,161
Payroll Taxes	84,771	78,971
Retirement	33,024	41,540
Total Salaries and Benefits	1,231,745	1,157,458
Collection Expenses:		
Cataloging & Processing	58,320	69,889
Collections – Books & Audio Video	25,270	28,910
Computer Service Fees	12,092	10,115
Electronic Databases	148,606	158,422
Subscriptions	13,916	13,668
Total Collection Expenses	258,204	281,004
Program & Operating Expenses:		
Board & Public Relations Expenses	19,052	4,101
Bookmobile	16,688	9,749
Building Maintenance	8,227	6,444
Contracted Services – Other	1,605	37,947
Dues and Memberships	2,755	4,578
Employment Related Expenses	18,780	5,395
Equipment Leases & Maintenance	13,319	11,354
Facility Consolidation	2,422	6,114
Furniture and Equipment	112,986	61,364
Insurance	8,829	7,748
Legal and Professional	13,242	13,183
Library Programs	34,108	30,737
Member Library Network Support & Maintenance	148,693	140,264
Miscellaneous	329	632
Office & Computer Supplies	18,423	20,281
Postage & Shipping	8,974	9,781
Printing	9,427	11,149
Rent	76,512	74,281
Telephone, Fax & Data Network	68,584	126,578
Travel, Conferences and Continuing Education	3,629	5,912
Utilities	11,396	14,110
Training and Development	4,702	20,173
Vehicle Expense	4,225	2,644
Total Program & Operating Expenses	606,907	624,519
Depreciation Expense:	47,689	40,706
Total Operating Expenses	\$2,144,545	\$2,103,687

The accompanying notes are an integral part of these financial statements.

**LIBRARY SYSTEM OF LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

**ANALYSIS OF STATE AND COUNTY FUNDING TO MEMBER LIBRARIES
YEAR ENDED DECEMBER 31, 2013**

	<u>State Aid</u>	<u>County Aid</u>	<u>Grand Total</u>
Funding:	<u>\$1,550,653</u>	<u>\$2,013,076</u>	<u>\$3,563,729</u>
Disbursements:			
Adamstown Area Library	59,444	9,980	69,424
Columbia Public Library	37,003	4,728	41,731
ELANCO Library	51,137	8,542	59,679
Elizabethtown Library	117,067	9,971	127,038
Ephrata Library	159,991	10,646	170,637
Lancaster Public Library	378,486	60,215	438,701
Lititz Public Library	119,450	10,137	129,587
Manheim Community Library	40,418	6,947	47,365
Manheim Township Library	70,467	11,997	82,464
Milanof-Schock Library	73,012	8,671	81,683
Moore's Memorial Library	37,379	3,198	40,577
Pequea Valley Public Library	67,201	9,617	76,818
Quarryville Library	55,577	11,704	67,281
Strasburg Heisler Library	<u>45,650</u>	<u>3,835</u>	<u>49,485</u>
Total Disbursements	<u>1,312,282</u>	<u>170,188</u>	<u>1,482,470</u>
Funding Retained by System	<u>\$238,371</u>	<u>\$1,842,888</u>	<u>\$2,081,259</u>

The accompanying notes are an integral part of these financial statements.