

BUCKS COUNTY FREE LIBRARY  
(A Component Unit of Bucks County)

FINANCIAL STATEMENTS

DECEMBER 31, 2010



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Certified Public Accountants  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bucks County Free Library  
Doylestown, Pennsylvania

We have audited the accompanying basic financial statements of the Bucks County Free Library (a nonprofit corporation and a component unit of the County of Bucks) as of and for the year ended December 31, 2010, as listed in the Table of Contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bucks County Free Library as of December 31, 2010, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 4 through 8 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it. In addition, the schedules of functional expenses and revenues and expenses by individual location on pages 22 through 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bee, Bergvall and Company, P.C.  
Certified Public Accountants

May 25, 2011

BUCKS COUNTY FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

Bucks County Free Library is a special purpose government unit as described in GASB statement #34. The Library additionally is a not-for-profit organization incorporated as a 501(c)(3) organization; and is registered with the Pennsylvania Bureau of Charitable Organizations to raise funds from the general public. A fiduciary Board of Directors appointed by the Bucks County Commissioners governs the Library.

The objective of the MD&A is to “enhance the understandability and usefulness of the general purpose financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors.” It is a discussion of the Library’s financial performance during the year that ended on December 31, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the Bucks County Free Library’s financial statements which immediately follow this section.

**FINANCIAL HIGHLIGHTS (OVERVIEW):**

Management believes that the Library System’s financial condition is, at the present time, stable.

- The Library System’s Net Assets increased by \$805,364 in 2010.
- The Library System’s primary source of revenue is from Bucks County, the total of which represents approximately 60% of the Library System’s total operating revenue for 2010.
- Revenue during this period decreased by \$816,868 or 8% from the prior year. Total expenses decreased by \$1,138,849, or 11%. It should be noted that 2010 expenses included \$1,092,599 of depreciation.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: Management’s Discussion and Analysis (MD&A), the basic financial statements, the notes to the financial statements, and supplemental information. This MD&A represents management’s analysis of the Library System’s financial condition and performance. Summary financial statement data and other management tools were utilized for analysis. These financial statements report information about the Library using the full accrual method of accounting as utilized by similar not-for-profits in the private sector. These statements offer short and long-term financial information about its activities.

BUCKS COUNTY FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

Description of the Basic Financial Statements: The Statement of Financial Position (Balance Sheet) shows our liabilities and net worth and provides information about the nature and amounts of investments and resources (assets) and the liabilities to the Library creditors at the year-end. It provides the financial position on a full accrual historical cost basis; the Statement of Activities provides details about revenues, expenses, and net assets by invested in capital assets and unrestricted. Furthermore, it presents the result of business activities over the course of the fiscal year and how net assets have changed during the year. The Statement of Cash Flows reports the sources and uses of cash from operating and investment activities by using the direct method and is designed to provide information about the Library's cash receipts and disbursements during the period. The Notes to the Financial Statements provide required disclosures and other information essential to a full understanding of the material data provided in the financial statements. The notes present information about the Library System's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

Condensed Comparative Financial Statements

The following chart summarizes the financial position of the Library as of December 31, 2010 and 2009.

**Statement of Net Assets**

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets	\$ 2,813,345	\$ 3,824,004
Investments	4,831,483	4,344,316
Capital Assets, net	<u>3,217,183</u>	<u>3,236,804</u>
Total Assets	<u>\$ 10,862,011</u>	<u>\$ 11,405,124</u>
Liabilities		
Current Liabilities	\$ 1,473,995	\$ 2,762,352
Compensated Absences	<u>300,626</u>	<u>360,746</u>
Total Liabilities	<u>1,774,621</u>	<u>3,123,098</u>
Net Assets		
Invested in Capital Assets	3,217,183	3,236,804
Restricted Assets	4,111,905	3,667,961
Unrestricted	<u>1,758,302</u>	<u>1,377,261</u>
Total Net Assets	<u>9,087,390</u>	<u>8,282,026</u>
Total Liabilities and Net Assets	<u>\$ 10,862,011</u>	<u>\$ 11,405,124</u>

BUCKS COUNTY FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

Condensed Comparative Financial Statements (Continued)

The following chart shows the revenues and expenses of the governmental activities for 2010 and 2009.

**Statement of Activities**

	<u>2010</u>	<u>2009</u>
Operating Revenues		
State and Local Funding	\$ 8,413,168	\$ 9,211,937
Fines and Lost Cards	324,096	352,591
Copy/Printer Income	45,868	45,175
Grants	83,516	44,267
Contributions	557,748	566,886
Miscellaneous	<u>173,292</u>	<u>193,700</u>
Total Operating Revenues	<u>9,597,688</u>	<u>10,414,556</u>
 Operating and Administrative Expenses	 <u>9,449,221</u>	 <u>10,588,070</u>
 Operating Income	 148,467	 (173,514)
Nonoperating Revenue		
Interest and Investment Earnings	<u>656,897</u>	<u>871,933</u>
 Increase in Net Assets	 805,364	 698,419
 Net Assets-Beginning of Year	 <u>8,282,026</u>	 <u>7,583,607</u>
 Net Assets-End of Year	 <u>\$ 9,087,390</u>	 <u>\$ 8,282,026</u>

Analysis of Overall Financial Position: Total operating revenues in 2010 were \$9,597,688, a decrease over 2009, representing a decrease of State Aid revenue. Bucks County General Fund allocation to Bucks County Free Library revenue was \$5,728,100 in 2010, an increase of \$150,000 compared to 2009. State Aid to Local Libraries, used to fund library branch operations, was \$1,872,442, a decrease of \$468,384. District Library Aid and County Coordination Aid, used to fund centralized and support services to all Bucks County public libraries, was \$812,626 in 2010, compared to \$1,232,947 in 2009. Together, County and State aid account for 88% of the Library's operating revenues.

BUCKS COUNTY FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

Condensed Comparative Financial Statements (Continued)

Significant Transactions and Changes in Individual Funds: There were no significant activities to report in this period.

Budgetary Analysis: Grant and Special Funds income (donation and permanently/temporarily restricted income) were not budgeted as revenue in 2010, but appear in the Schedule of Functional Expenses as expenditures.

Capital Assets and Long-Term Debt: Capital improvements were \$203,011, and included renovation and equipment for the Yardley/Makefield branch and the purchase of an additional delivery vehicle.

Investments: All investments are restricted either by the donor or the board. This table lists the name of the investment and the restriction:

<b>Investment Name</b>	<b>Restriction</b>
Brunhouse	Langhorne - Designated by donor as Langhorne only and solely for library collection materials in specific subjects or for library equipment.
Michener	Doylestown – Designated by donor as Doylestown only. Board designated as interest or percentage of principal only. Library programs, materials, and facilities with a focus on enhancement and enrichment.
Lynaugh and Ross	Doylestown – Designated by donor as Doylestown only and solely for library materials.
Weinberger	Doylestown – Designated by donor as Doylestown only and for facilities, capital or operational expenditures; may be used for library materials.
Mercer	Doylestown – Original documentation not available; has always been Interest Only and used to generally offset Doylestown operation costs.
Melinda Cox	County Wide Staff In-Service Day and Appreciation Awards – Original documentation not available; has always be Interest Only.
Disbrow	Yardley – Designated by donor as Yardley only and solely for business related materials and programs. May be “widely interpreted” to benefit the whole library system, such as county wide databases and programs, but must maintain strong local Yardley focus. Funds administered by outside firm which awards annual amount of interest to BCFL based on their formula.

BUCKS COUNTY FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

Condensed Comparative Financial Statements (Continued)

Currently Known Facts, Decisions, or Conditions: The Bucks County budget allocation of County general fund dollars increased by 3% in 2010. Increases to different forms of revenue from state aid were either decreased by 20.8% or were completely eliminated for 2010. We anticipate another funding decrease between 2%-10% for 2011.

The Library will begin to phase in an electronic time tracking system in 2011. This system will be a hand-touch system that will integrate with our payroll system.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Bucks County Free Library at 150 South Pine Street, Doylestown, Pennsylvania, 18901 or by phone at (215)348-0332.

BUCKS COUNTY FREE LIBRARY

STATEMENT OF NET ASSETS

December 31, 2010

**ASSETS**

	<u>2010</u>
Current Assets	
Cash and Cash Equivalents	\$ 2,567,385
Accounts Receivable	91,711
Prepaid Expenses	154,149
Inventory-Personal Orders	100
Total Current Assets	<u>2,813,345</u>
Investments	
Unrestricted	719,578
Restricted	<u>4,111,905</u>
Total Investments	<u>4,831,483</u>
Capital Assets	46,414,797
Less Accumulated Depreciation	<u>(43,197,614)</u>
Net Capital Assets	<u>3,217,183</u>
Total Assets	<u>\$ 10,862,011</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 200,464
Accrued Salaries and Payroll Taxes	149,188
Unearned Revenue	<u>1,124,343</u>
Total Current Liabilities	<u>1,473,995</u>
Compensated Absences	<u>300,626</u>
Total Liabilities	<u>1,774,621</u>
Net Assets	
Invested in Capital Assets	3,217,183
Restricted	4,111,905
Unrestricted	<u>1,758,302</u>
Total Net Assets	<u>9,087,390</u>
Total Liabilities and Net Assets	<u>\$ 10,862,011</u>

The notes to the financial statements are an integral part of this statement.

BUCKS COUNTY FREE LIBRARY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	<u>2010</u>
Operating Revenues	
State	
Aid	\$ 2,685,068
Access PA	-
Local	
Bucks County-Library Tax Revenue	5,728,100
Fines and Lost Cards	324,096
Copy/Printer Income	45,868
Grants	83,516
Contributions	557,748
Miscellaneous	<u>173,292</u>
Total Operating Revenues	<u>9,597,688</u>
Operating Expenses	
Program Services	
Library	6,127,051
Pennsylvania Aid	346,403
Pennsylvania Access	-
Support Services	
Management and General	1,310,929
Technical	<u>1,664,838</u>
Total Operating Expenses	<u>9,449,221</u>
Operating Income	<u>148,467</u>
Nonoperating Revenue	
Interest and Investment Earnings	<u>656,897</u>
Change in Net Assets	805,364
Net Assets-Beginning of Year	<u>8,282,026</u>
Net Assets-End of Year	<u><u>\$ 9,087,390</u></u>

The notes to the financial statements are an integral part of this statement.

BUCKS COUNTY FREE LIBRARY

STATEMENT OF CASH FLOWS

December 31, 2010

	<u>2010</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 369,964
Receipts from intergovernmental support	8,496,684
Miscellaneous cash income	173,292
Contributions	557,748
Payments to suppliers	(5,399,043)
Payments to employees	<u>(3,964,957)</u>
Net cash provided by operating activities	<u>233,688</u>
Cash flows used in capital and related financing activities	
Purchase of property and equipment	<u>(1,072,978)</u>
Net cash used in capital and related financing activities	<u>(1,072,978)</u>
Cash flows from investing activities:	
Purchase of investments	(1,631)
Sale and maturities of investments	<u>5,622</u>
Net cash provided by investing activities	<u>3,991</u>
Net increase (decrease) in cash and cash equivalents	(835,299)
Cash and cash equivalents, beginning of year	<u>3,402,684</u>
Cash and cash equivalents, end of year	<u>\$ 2,567,385</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 805,364
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net unrealized loss (gain) on investments	(491,158)
Depreciation	1,092,599
(Increase) decrease in:	
Accounts receivable	(16,833)
Prepaid expense/Inventory	192,193
Increase (decrease) in:	
Accounts payable and accrued expenses	54,971
Accrued salaries and payroll taxes	15,168
Unearned revenue	(1,358,496)
Compensated absences	<u>(60,120)</u>
Total adjustments	<u>(571,676)</u>
Net cash provided by operating activities	<u>\$ 233,688</u>

The notes to the financial statements are an integral part of this statement.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1. Summary of Significant Accounting Principles**

Reporting Entity: Bucks County Free Library (Library) is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Library consists of seven branches that provide library services to over 275,000 cardholders throughout Bucks County. As a free public library, the Library provides material, information and programs through its network. These resources are available to residents of all ages. The Library is considered a component unit of Bucks County because of the significance of its operational and/or financial relationship with the County.

Accounting Basis: The Library conforms to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

The Library's financial statements are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are incurred. The financial statements are presented using the economic resource measurement focus. This means that all assets and liabilities (whether current or noncurrent) associate with the activity is included on the statement of net assets. The operating statement presents increases (revenues) and decreases (expenses) in total net assets.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Library. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from nonexchange transactions.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, Accounting and Financial Reporting for Proprietary fund and other Governmental Entities that use Proprietary Funds Accounting, the Library has opted to apply the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB on or before November 30, 1989).

When both restricted and unrestricted resources are available for use, it is the Library's policy to use board discretion as to which resources to use first, restricted or unrestricted, as they are needed for their intended purpose.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Tax Exempt Status: The Library is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. No current tax obligation exists on the Federal or State level. Additionally, the Library has been classified as a Library that is not a private foundation under Section 509(a)(2).

The Accounting for Uncertainty in Income Taxes topic of the FASB Standards Codification had no impact on the Library's financial statements.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions: Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Expenses: Expenses are allocated to the various programs based on direct charges for those items specifically identified with the respective programs. Other charges are allocated in accordance with appropriate bases.

County Dependency: The primary source of funding for this Library is a contribution from Bucks County. During 2010, the contribution was \$5,728,100 from Library Tax Revenue and \$420,000 from a donation of In-Kind rent. This contribution represents approximately 64% of the library's operating revenues.

Cash and Cash Equivalents: The Library considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Budget: The Library adopts and maintains a yearly budget. The budget is subject to correction and changes during the year at the discretion of the Board of Directors.

Inventory: The Library does not maintain inventory. Books and periodicals, with useful lives of one year or more, are considered to be capital assets and are depreciated accordingly.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Capital Assets: Betterments and replacements of major assets are capitalized at cost. Maintenance, repairs and minor replacements are expensed. The Library capitalizes all capital asset expenses over \$2,000 with an estimated useful life in excess of one year. Library books, with a useful life extending beyond one year that comprise the Library's collection, are recorded as capital assets. Because of their nature and relevance to the Library's operations; they are capitalized despite individually being below the \$2,000 capitalization threshold.

The cost and accumulated depreciation of property sold or retired are removed from the related assets and accumulated depreciation accounts and the resultant gain or loss is recorded.

Depreciation is provided for financial reporting purposes on the straight-line method at rates based on estimated useful lives as follows:

Building and Improvements	39 years
Furniture and Equipments	3 - 10 years
Library Books and Material	5 years

Restricted Assets: Certain cash and investments have been classified as restricted assets on the statement of net assets because of donor imposed restrictions on their use.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their quoted fair values in the statement of net assets. Unrealized gains and losses are included in the change in net assets. Donated investments are reflected as contributions at their market values at the date of receipt. For the year ended December 31, 2010, all investments were held in certificates of deposit (reported at cost) or mutual funds (reported at market value). Certain interest earnings, realized gains and losses, and unrealized gains and losses are reported in revenues.

Donated Services: Volunteers periodically donate their time to the Library's program services and fundraising activities. An amount has not been recognized in the accompanying statement of activities for these volunteer efforts because they did not meet the requirements for recognition.

In-kind Contributions: In addition to cash contributions, the Organization also receives donated facilities. These goods and services are recorded at their estimated fair value at the time of receipt. The County of Bucks provides six library sites free of rent charges. The Pierce Library Association provides the Samuel Pierce Branch Library site at an annual rent of \$1. The corresponding in-kind contributions received for the year ended December 31, 2010 reflected in these financial statements consisted of \$420,000 in donated facilities.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Compensated Absences: The Library's policy permits employees to accumulate unused vacation and sick time. These benefits are payable to employees upon separation of services. All leave time is accrued when incurred in the financial statements. A liability for these amounts is reported. At December 31, 2010, the liability for accrued compensated absences is \$300,626.

Advertising: All advertising costs are expensed when incurred.

Net Assets: Pursuant to GASB #34, net assets are presented in classifications as defined as follows:

*Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted* – These resources are segregated because they represent the funds restricted by the donor.

*Unrestricted net assets* – includes all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**NOTE 2. Retirement Plan**

The Library offers an open retirement plan for all employees upon employment. Upon completion of one year of service, based on the meaning of the Plan, the Library will match the employee's contribution up to 5% of their compensation and upto 7% after 9 years of service. The employees are vested within the plan over a period of five years at which time they become fully vested. If the employee leaves the employ of the Library prior to 100% vesting they will lose the matching portions of the contributions that are not yet vested.

Contributions to the plan were \$166,092 for the year ended December 31, 2010.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 2. Retirement Plan (Continued)**

Prior to the current plan, the Library offered a defined contribution plan to eligible employees. Contributions were applied to individual annuities issued to each participant by Teacher's Insurance and Annuity Association and/or College Retirement Equities Funds (TIAA-CREF). Upon instituting the current plan, in 2006, the TIAA-CREF plan was frozen and is only maintained for employees who were formerly entered within the plan. Under the new plan, all employees are eligible to join, other than Library Aides. After one year of service, and the employee is enrolled in the plan and working 1,000 hours or more, employees will receive up to a 5% match based on their contribution. After nine years of employment, the match is raised to 7%. Vesting in the plan will occur consistent with the following:

After Year 2: 20% vesting  
After Year 3: 40% vesting  
After Year 4: 60% vesting  
After Year 5: 100% vesting

**NOTE 3. Deposit and Investment Risk**

Investments consist of the following at December 31:

	<u>2010</u>
Investment Type	Fair Value
Short Term Reserves	\$ 203,818
Int'l ETF	104,812
Fixed Income	687,545
Equities	3,665,292
Real Estate	170,016
Total	<u>\$ 4,831,483</u>

All investments are due to Mature in less than 1 Year.

The Library does not have a deposit or investment policy for interest rate risk or custodial credit risk.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 3. Deposit and Investment Risk (Continued)**

As of December 31, 2010, the Library's investments had credit quality ratings by Standard and Poor's as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Percent of Investment Type</u>
U.S. Government Agencies	AAA	100%

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2010, \$250,000 of the Library's cash in the bank was Federal Deposit Insurance Corporation (FDIC) insured and \$2,540,964 was collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Library's name.

The Library does not have a deposit or investment policy for concentration of credit risk. More than 5% of the Library's investments are in Wells Fargo Bank. This investment is 48% of the Library's total investments. More than 5% of the Library's investments are in Semper Trust Company. This investment is 52% of the Library's total investments.

**NOTE4. Capital Assets**

Capital Assets consist of the following at December 31:

	<u>12/31/2009</u>	<u>Additions</u>	<u>12/31/2010</u>
Capital Assets Being Depreciated:			
Building Improvements	\$ 781,537	152,373	\$ 933,910
Furniture and Fixtures	1,774,951	50,638	1,825,589
Library Book Collections	<u>42,785,331</u>	<u>869,967</u>	<u>43,655,298</u>
Total Capital Assets	45,341,819	1,072,978	46,414,797
Accumulated Depreciation	<u>(42,105,015)</u>	<u>(1,092,599)</u>	<u>(43,197,614)</u>
Net Capital Assets	<u>\$ 3,236,804</u>	<u>\$ (19,621)</u>	<u>\$ 3,217,183</u>

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 5. Operating Leases**

The Library leases office equipment under operating lease agreements which require monthly payments ranging from \$24 to \$2,550, and expire at various times through June 2010. Lease expense under all operating leases for the year ended December 31, 2010 was \$44,276.

The following is a schedule of future minimum lease payments required under the operating leases as of December 31, 2010:

<u>For the Year</u> <u>Ending</u>	<u>Amount</u> <u>Due</u>
2011	\$ 26,143
2012	26,143
2013	<u>6,534</u>
Total	\$ <u>58,820</u>

**NOTE 6. Litigation and Contingencies**

During the normal course of performing its duties for the general public which it serves, the Library is subject to potential lawsuits and complaints. At December 31, 2010, there were no claims that management feels would have material effect of the Library's financial position.

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 8. Restricted Assets**

The Library has investments restricted for use either by the donor or by the board. At December 31, 2010 the purpose restrictions by donors were as follows:

<b><u>Fund</u></b>	<b><u>Restriction</u></b>	<b><u>Balance at 12/31/10</u></b>
Brunhouse	Designated by donor for the Langhorne branch and solely for library collection materials in specific subjects or for library equipment.	\$ 192,459
Disbrow	Designated by the donor for the Yardley branch and solely for business related materials and programs including county wide databases and programs. The funds are administered by an outside firm which awards an annual amount of interest to BCFL.	2,498,796
Weinberger	Designated by donor for the Doylestown branch and for facilities capital or operational expenditures including library materials.	137,971
Lynaugh	Designated by donor for the Doylestown branch and solely for library materials.	27,121
Michener	Designated by donor for the Doylestown branch. The Board has designated the interest and a percentage of principal for Library programs, materials, and facilities with a focus on enhancement and enrichment.	1,204,882
Ross	Designated by donor for the Doylestown branch and solely for library materials.	<u>50,676</u>
	Total	<u><u>\$ 4,111,905</u></u>

In addition, the board has designated the following funds at December 31, 2010 for the purpose restrictions as follows:

Melinda Cox	Designated by board for County Wide Staff In-Service Day and Appreciation Awards with interest available as unrestricted funds.	\$ 166,076
Mercer	Designated by Board to be used to offset Doylestown operational costs with interest available as unrestricted funds.	<u>553,502</u>
	Total	<u><u>\$ 719,578</u></u>

BUCKS COUNTY FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 9. Subsequent Events**

The Library has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 25, 2011, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**SUPPLEMENTAL INFORMATION**

BUCKS COUNTY FREE LIBRARY

SCHEDULE 1

SCHEDULE OF FUNCTIONAL EXPENSES

December 31, 2010

	<u>Library Services</u>	<u>Digital and Technical</u>	<u>Program Service Total</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,730,464	\$ 678,896	\$ 3,409,360	\$ 555,597	\$ 3,964,957
Payroll Taxes and Benefits	<u>680,060</u>	<u>197,245</u>	<u>877,305</u>	<u>144,708</u>	<u>1,022,013</u>
Total Salaries and Employment Expenses	3,410,524	876,141	4,286,665	700,305	4,986,970
Professional Services	254,139	3,200	257,339	137,462	394,801
Periodical Subscriptions	51,740	-	51,740	-	51,740
Audiovisual/CD Rom Materials	287,659	-	287,659	-	287,659
Microforms	9,473	-	9,473	-	9,473
Supplies	65,585	62,954	128,539	22,758	151,297
Printing and Advertising	22,843	-	22,843	733	23,576
Telecommunications and Telephone	11,455	251,869	263,324	-	263,324
Utilities	393,756	-	393,756	-	393,756
Building Repairs and Maintenance	153,318	-	153,318	-	153,318
Postage	3,835	26,923	30,758	1,155	31,913
Travel and Conference	8,132	601	8,733	1,078	9,811
Staff Development	697	4,807	5,504	646	6,150
Lease Expense	125	44,151	44,276	-	44,276
Computer Equipment	684	106,782	107,466	457	107,923
Insurance	15,657	700	16,357	6,887	23,244
O.C.L.C. Palinet	-	42,097	42,097	-	42,097
Technology and Network	257,614	220,512	478,126	-	478,126
Equipment Maintenance and Rent	46,550	1,223	47,773	-	47,773
Vehicle Expense	16,230	524	16,754	-	16,754
Depreciation	1,092,599	-	1,092,599	-	1,092,599
Bank Fees	21,420	-	21,420	6,683	28,103
Dues and Membership	1,115	9,986	11,101	12,765	23,866
Facility Usage	-	-	-	420,000	420,000
State Aid to Public Libraries	346,403	-	346,403	-	346,403
Pennsylvania Access Fund	-	-	-	-	-
Miscellaneous Expense	<u>1,901</u>	<u>12,368</u>	<u>14,269</u>	<u>-</u>	<u>14,269</u>
Total Expenses	<u>\$ 6,473,454</u>	<u>\$ 1,664,838</u>	<u>\$ 8,138,292</u>	<u>\$ 1,310,929</u>	<u>\$ 9,449,221</u>

BUCKS COUNTY FREE LIBRARY

SCHEDULE 2

SCHEDULE OF REVENUES AND EXPENSES  
BY INDIVIDUAL LOCATION

December 31, 2010

	<u>Administrative</u>	<u>Technical Services</u>	<u>District Consultant</u>	<u>Information Technology</u>	<u>Inter Library Loan</u>	<u>Facilities</u>	<u>Library Center</u>
<b>Income</b>							
County Funding	\$ 5,728,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid	2,685,068	-	-	-	-	-	-
Donations	455,943	-	-	-	-	-	25,244
Copy/Printer Income	-	-	-	-	-	-	11,392
Pennsylvania Access Funds	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	116,382
Lost Card	-	-	-	-	-	-	2,927
Lost and Damaged Material	-	-	-	-	-	-	9,563
Miscellaneous Grants	39,000	-	25,707	-	-	-	-
Miscellaneous Income	568	-	-	-	-	-	2,035
Passport Income	-	-	-	-	-	-	-
Book Sales	-	-	-	-	-	-	16,523
Realized/Unrealized Gain	-	-	-	-	-	-	-
Interest Income	104,398	-	-	-	-	-	-
Meeting Room Income	-	-	-	-	-	-	3,100
<b>Total Income</b>	<b>9,013,077</b>	<b>-</b>	<b>25,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187,166</b>
<b>Expenses</b>							
Salaries and Wages	555,597	463,197	79,442	215,699	-	243,382	699,618
Payroll Taxes and Benefits	144,708	147,724	20,545	49,521	-	50,495	189,364
Professional Services	137,462	-	33,558	3,200	-	13,355	45,610
Periodical Subscriptions	-	-	-	-	-	-	-
Audiovisual/CD Rom Materials	-	-	-	-	-	-	-
Microforms	-	-	-	-	-	-	-
Supplies	22,758	58,648	32,481	4,306	-	5,676	7,526
Printing and Advertising	733	-	15,174	-	-	2,418	629
Telecommunications and Telephone	-	-	-	251,869	-	-	2,559
Utilities	-	-	-	-	-	-	126,690
Building Repairs and Maintenance	-	-	-	-	-	-	49,720
Postage	1,155	15,126	17	11,797	-	-	139
Travel and Conference	1,078	-	2,826	601	-	3,729	288
Staff Development	646	-	687	4,807	-	-	-
Lease Expense	-	-	-	44,151	-	-	-
Computer Equipment	457	-	464	106,782	-	-	-
Insurance	6,887	-	-	700	-	15,657	-
O.C.L.C. Palinet	-	42,097	-	-	-	-	-
Technology and Network	-	-	-	220,512	-	-	-
Equipment Maintenance and Rent	-	-	-	1,223	-	-	33,352
Vehicle Expense	-	-	-	524	-	16,230	-
Depreciation	-	-	-	-	-	-	-
Bank Fees	6,683	-	-	-	-	-	-
Dues and Membership	12,765	9,986	1,115	-	-	-	-
Facility Usage	420,000	-	-	-	-	-	-
State Aid to Public Libraries	346,403	-	-	-	-	-	-
Pennsylvania Access Fund	-	-	-	-	-	-	-
Miscellaneous Expense	-	-	-	12,368	-	-	-
<b>Total Expenses</b>	<b>1,657,332</b>	<b>736,778</b>	<b>186,309</b>	<b>928,060</b>	<b>-</b>	<b>350,942</b>	<b>1,155,495</b>
<b>Net Income Over (Under) Expenses</b>	<b>\$ 7,355,745</b>	<b>\$ (736,778)</b>	<b>\$ (160,602)</b>	<b>\$ (928,060)</b>	<b>\$ -</b>	<b>\$ (350,942)</b>	<b>\$ (968,329)</b>

<u>Levittown</u>	<u>James A Michener</u>	<u>Penwood</u>	<u>Samuel Pierce</u>	<u>Yardley Makefield</u>	<u>Bensalem</u>	<u>Capital &amp; Investments</u>	<u>Collection Management</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,728,100
-	-	-	-	-	-	-	-	2,685,068
893	4,199	2,128	8,051	57,150	4,140	-	-	557,748
12,033	6,175	2,557	2,558	4,345	6,808	-	-	45,868
-	-	-	-	-	-	-	-	-
49,293	37,403	19,805	24,378	35,799	31,780	-	-	314,840
1,330	917	743	642	1,218	1,479	-	-	9,256
5,147	3,317	2,354	1,741	3,823	3,693	-	-	29,638
12,280	-	-	1,000	-	5,529	-	-	83,516
609	395	170	81	198	409	-	-	4,465
-	-	-	-	-	92,255	-	-	92,255
3,818	2,866	3,639	4,224	5,992	3,362	-	-	40,424
-	-	-	-	-	-	491,158	-	491,158
-	-	-	-	-	-	61,341	-	165,739
985	440	95	270	660	960	-	-	6,510
<u>86,388</u>	<u>55,712</u>	<u>31,491</u>	<u>42,945</u>	<u>109,185</u>	<u>150,415</u>	<u>552,499</u>	<u>-</u>	<u>10,254,585</u>
370,203	346,560	159,119	212,843	317,064	302,233	-	-	\$ 3,964,957
111,548	91,780	43,764	47,247	79,107	46,210	-	-	1,022,013
28,480	23,595	29,810	32,217	18,381	29,133	-	-	394,801
-	-	-	-	88	-	-	51,652	51,740
-	-	-	-	-	-	-	287,659	287,659
-	-	-	-	-	-	-	9,473	9,473
2,858	3,597	1,955	2,620	5,630	3,242	-	-	151,297
1,042	671	671	671	671	896	-	-	23,576
1,237	2,391	1,627	1,434	960	1,247	-	-	263,324
43,919	53,888	42,575	51,429	34,765	40,490	-	-	393,756
22,054	18,995	14,272	8,294	19,975	20,008	-	-	153,318
100	100	100	100	100	3,149	-	30	31,913
341	212	234	25	292	185	-	-	9,811
-	-	-	-	10	-	-	-	6,150
-	125	-	-	-	-	-	-	44,276
-	220	-	-	-	-	-	-	107,923
-	-	-	-	-	-	-	-	23,244
-	-	-	-	-	-	-	-	42,097
-	-	-	-	-	-	-	257,614	478,126
-	1,777	-	5,376	5,390	655	-	-	47,773
-	-	-	-	-	-	-	-	16,754
-	-	-	-	-	-	1,092,599	-	1,092,599
-	-	-	-	-	-	21,420	-	28,103
-	-	-	-	-	-	-	-	23,866
-	-	-	-	-	-	-	-	420,000
-	-	-	-	-	-	-	-	346,403
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,901	14,269
<u>581,782</u>	<u>543,911</u>	<u>294,127</u>	<u>362,256</u>	<u>482,433</u>	<u>447,448</u>	<u>1,114,019</u>	<u>608,329</u>	<u>9,449,221</u>
\$ (495,394)	\$ (488,199)	\$ (262,636)	\$ (319,311)	\$ (373,248)	\$ (297,033)	\$ (561,520)	\$ (608,329)	\$ 805,364