

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

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2016**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

LIBRARY SYSTEM OF LANCASTER COUNTY  
LANCASTER, PENNSYLVANIA

DECEMBER 31, 2016

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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 statements of financial position as of December 31, 2016 and 2015, 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 risks 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance 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 12 and 13 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  
May 31, 2017

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

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 692,114	\$ 753,985
Accounts Receivable	163,167	71,711
Prepaid Expenses	96,756	108,350
<b>Total Current Assets</b>	952,037	934,046
<b>Property and Equipment</b>		
Furniture and Equipment	523,054	494,163
Vehicles	12,140	12,140
Leasehold Improvements	148,405	148,405
<b>Total Property and Equipment</b>	683,599	654,708
Less Accumulated Depreciation	493,634	441,826
<b>Net Property and Equipment</b>	189,965	212,882
<b>Other Assets</b>		
Security Deposit	4,718	4,718
Certificate of Deposit	251,469	257,653
<b>Total Other Assets</b>	256,187	262,371
<b>TOTAL ASSETS</b>	<b>\$ 1,398,189</b>	<b>\$ 1,409,299</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 61,181	\$ 76,190
Accrued Wages	498	629
Due to Member Libraries – Discounts	134	(2,031)
Accrued Expenses	1,449	15,752
Deferred Revenue	--	9,612
Due to Member Libraries Fundraisers	5,757	5,757
Due to Council of Friends	5,498	3,042
<b>Total Current Liabilities</b>	74,517	108,951
<b>TOTAL LIABILITIES</b>	74,517	108,951
<b>NET ASSETS</b>		
<b>Unrestricted Net Assets</b>		
Board Designated	911,970	1,042,902
Undesignated	385,743	257,446
<b>Total Unrestricted Net Assets</b>	1,297,713	1,300,348
<b>Temporarily Restricted Net Assets</b>	25,959	--
<b>Permanently Restricted Net Assets</b>	--	--
<b>TOTAL NET ASSETS</b>	1,323,672	1,300,348
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,398,189</b>	<b>\$ 1,409,299</b>

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, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>		
<b>Public Support</b>		
<b>State Funding</b>		
Quality Aid	\$ 615,959	\$ 605,069
Excellence Aid	702,440	690,021
County Coordination Aid	227,645	223,620
Equal Grant Aid	32,517	31,943
<b>Total State Funding</b>	1,578,561	1,550,653
<b>County Funding</b>	2,006,488	1,993,739
Total State and County Funding	3,585,049	3,544,392
Less Disbursements to Member Libraries	1,511,167	1,473,971
State and County Funding Retained by the System	2,073,882	2,070,421
<b>Grants</b>	75,660	38,080
Less Grants Disbursed to Member Libraries	--	--
Grants Retained by the System	75,660	38,080
<b>Total Public Support</b>	2,149,542	2,108,501
<b>Other Revenue</b>	13,502	12,208
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUE</b>	2,163,044	2,120,709
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	1,149,383	1,066,855
Collection Expenses	278,782	266,450
Operating Overhead	174,791	183,814
Programs and Services	494,401	398,143
Local Grant Expenses	16,514	11,246
Depreciation Expense	51,808	49,981
<b>TOTAL OPERATING EXPENSES</b>	2,165,679	1,976,489
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	(2,635)	144,220
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>REVENUE AND GAINS</b>		
Bookmobile Contributions	25,959	--
<b>TOTAL REVENUE AND GAINS</b>	25,959	--
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	25,959	--

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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>--</u>	<u>--</u>
<b>INCREASE IN NET ASSETS</b>	23,324	144,220
<b>NET ASSETS – BEGINNING OF YEAR</b>	<u>1,300,348</u>	<u>1,156,128</u>
<b>NET ASSETS – END OF YEAR</b>	<u>\$ 1,323,672</u>	<u>\$ 1,300,348</u>

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, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 23,324	\$ 144,220
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	51,808	49,981
(Increase) Decrease in		
Accounts Receivable	(91,456)	58,082
Prepaid Expenses	11,594	(19,593)
Increase (Decrease) In		
Accounts Payable	(15,009)	32,653
Accrued Wages	(131)	(178)
Due to Member Libraries – Discounts	2,165	(1,746)
Accrued Expenses	(14,303)	1,032
Deferred Revenue	(9,612)	680
Due to Council of Friends	2,456	(29)
	<u>(39,164)</u>	<u>265,102</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	(28,891)	(13,736)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(28,891)</u>	<u>(13,736)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	--	--
<b>NET INCREASE (DECREASE) IN CASH</b>	(68,055)	251,366
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>	1,011,638	760,272
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 943,583</u>	<u>\$ 1,011,638</u>

**SUPPLEMENTAL CASH FLOW DISCLOSURES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016**

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, 2016 and 2015.

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, 2016 and 2015 totaled \$5,666 and \$7,843.

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, 2016**

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, 2016**

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

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, 2016 and 2015.

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. Contributed Services

No amounts have been reflected in the financial statements for contributed services because they do not meet the criteria established by the FASB ASC topic relating to Donated Services. However, board and committee members, and volunteers have donated significant amounts of their time to the Organization.

O. Management’s Review

Management has evaluated subsequent events through May 31, 2017, 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, 2016 and 2015:

	2016	2015
Integrity Bank General Account	\$ 174,221	\$ 499,477
Fulton Bank Council of Friends General Account	5,498	3,042
Integrity Bank Money Market	512,033	251,466
Cash on Hand	362	--
	\$ 692,114	\$ 753,985

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

NOTE 3 – CONCENTRATIONS

The Organization has checking accounts and a certificate of deposit at local banks. Bank deposits totaled \$949,647 and \$970,502 as of December 31, 2016 and 2015, respectively, of which \$505,498 and \$253,042 are 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 \$2,006,488 or 55% of total revenue and \$1,993,739 or 56% of total revenue for the years ended December 31, 2016 and 2015, respectively. The revenue from the Commonwealth of Pennsylvania totaled \$1,578,561 or 43% of total revenue and \$1,550,653 or 44% of total revenue for the years ended December 31, 2016 and 2015, respectively.

NOTE 4 – NET ASSETS – BOARD DESIGNATED

Board designated net assets consist of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Designated by the Board of Trustees for short-term operating expenses and long-term capital expenditures.	\$ <u>911,970</u>	\$ <u>1,042,902</u>

NOTE 5 – NET ASSETS – TEMPORARILY RESTRICTED

Temporarily restricted net assets represent contributions received with explicit donor direction for the funds to be used for a new Bookmobile. Contributions received through December 31, 2016 and 2015 were \$25,959 and \$-0- respectively.

NOTE 6 – 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 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 2016 and 2015, fixed rent payments totaled \$82,972 and \$80,736, respectively.

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 2016 and 2015 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, 2016 and 2015 were \$61,396 and \$37,435, respectively.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016 and 2015 is as follows:

	2016	2015
Program Expenses	\$ 1,769,864	\$ 1,587,511
Management & General Expenses	379,867	374,292
Fundraising Expenses	15,948	14,686
	\$ 2,165,679	\$ 1,976,489

**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, 2016 and 2015 consists of the following:

	2016	2015
United Way 1,000 Books Grant	\$ --	\$ 6,093
Education Improvement Tax Credit	--	2,800
Other Deferred Revenue	--	719
	\$ --	\$ 9,612

**NOTE 12 – 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 as follows:

2013	\$	34,917
2014		20,132
2015		20,132
	\$	75,181

**NOTE 13 – CERTIFICATE OF DEPOSIT**

Certificate of deposit as of December 31, 2016 represents a \$250,205 12-month CD opened on June 1, 2016 at a fixed rate of 1.0%. Accrued interest through December 31, 2016 of \$1,264 is included in the balance of \$251,469.

**SUPPLEMENTAL INFORMATION**  
**OF**  
**LIBRARY SYSTEM OF LANCASTER COUNTY**  
**LANCASTER, PENNSYLVANIA**  
**DECEMBER 31, 2016**

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

**DETAILED OPERATING EXPENSES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>OPERATING EXPENSES</b>		
<b>Salaries and Benefits</b>		
Salaries and Wages	\$ 883,099	\$ 852,262
Benefits	<u>266,284</u>	<u>214,593</u>
<b>Total Salaries and Benefits</b>	<u>1,149,383</u>	<u>1,066,855</u>
<b>Collection Expenses</b>		
Books	16,816	8,907
Subscriptions	997	1,185
Overdrive Subscription	12,000	12,000
Audio Visual	2,080	3,740
Computer Service Fees	65,421	67,645
Internet Access Fees	97,311	95,436
Collection Processing	<u>84,157</u>	<u>77,537</u>
<b>Total Collection Expenses</b>	<u>278,782</u>	<u>266,450</u>
<b>Operating Overhead</b>		
Property and Vehicle Expenses	37,176	34,014
Rent	82,972	80,736
Postage and Shipping	7,645	1,446
Supplies – Printing, Office and Computer	5,553	2,808
Accounting Services	21,462	20,291
Legal Services	1,372	1,638
Other Contracted Services	14,000	37,468
Miscellaneous Operating	<u>4,611</u>	<u>5,413</u>
<b>Total Operating Overhead</b>	<u>174,791</u>	<u>183,814</u>
<b>Programs and Services</b>		
Computer Expenses	325,113	190,056
Website Development and Maintenance	53,810	111,868
Bookmobile	5,590	6,361
Postage and Shipping	2,028	6,488
Supplies – Printing, Office and Computer	14,739	8,919
Telephone and Other Telecommunications	14,615	15,925
Public Relations Expenses	5,666	7,843
Library Programs	62,350	32,796
Travel and Conferences	1,060	3,135
Dues, Memberships and Events	1,115	1,948
Training and Development	8,163	12,614
Miscellaneous Operating Expenses	<u>152</u>	<u>190</u>
<b>Total Programs and Services</b>	<u>494,401</u>	<u>398,143</u>
<b>Local Grant Expenses</b>	<u>16,514</u>	<u>11,246</u>
<b>Depreciation Expense</b>	<u>51,808</u>	<u>49,981</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 2,165,679</u>	<u>\$ 1,976,489</u>

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, 2016**

	<u>State Aid</u>	<u>County Aid</u>	<u>Grand Total</u>
<b>Funding</b>	\$ 1,578,561	\$ 2,006,488	\$ 3,585,049
<b>Disbursements</b>			
Adamstown Area Library	61,556	10,262	71,818
Columbia Public Library	40,651	4,862	45,513
ELANCO Library	50,837	8,784	59,621
Elizabethtown Library	75,668	10,252	85,920
Ephrata Library	174,947	10,946	185,893
Lancaster Public Library	372,278	61,918	434,196
Lititz Public Library	107,340	10,424	117,764
Manheim Community Library	40,213	7,144	47,357
Manheim Township Library	122,445	12,336	134,781
Milanof-Schock Library	61,491	8,916	70,407
Moores Memorial Library	41,891	3,288	45,179
Pequea Valley Public Library	83,461	9,888	93,349
Quarryville Library	55,314	12,036	67,350
Strasburg Heisler Library	<u>48,077</u>	<u>3,942</u>	<u>52,019</u>
<b>Total Disbursements</b>	<u>1,336,169</u>	<u>174,998</u>	<u>1,511,167</u>
<b>Funding Retained by System</b>	<u>\$ 242,392</u>	<u>\$ 1,831,490</u>	<u>\$ 2,073,882</u>

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