

VOORHEESVILLE PUBLIC LIBRARY

***FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION***

JUNE 30, 2012 AND 2011

VOORHEESVILLE PUBLIC LIBRARY

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JUNE 30, 2012 AND 2011

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VOORHEESVILLE PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2012 AND 2011

The following is a discussion and analysis of the Library's financial performance for the fiscal year ended June 30, 2012, with comparative information for 2011. This section is a summary of the Library's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed. This section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net government-wide net assets of the Library were \$929,568 at June 30, 2012 as compared to \$914,509 at June 30, 2011;
- Government-wide revenues were \$1,065,957 for the year ended June 30, 2012 as compared to \$1,029,396 for the year ended June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and notes to financial statements. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements are *government-wide* financial statements that provide both *short-term* and *long-term* information about the Library's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Library, reporting the Library's operations in *more detail* than the government-wide statements.
- The *notes to financial statements* explain some of the information in the statements and provide more detailed data.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Library's net assets and how they are changed. Net assets, the difference between the Library's assets and liabilities, is one way to measure the financial health or position.

- Over time, increases and decreases in the Library's net assets are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the Library's overall health, you need to consider additional non-financial factors such as changes in the Library's property tax base and the condition of the Library's fixed assets.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds - not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs:

- The General Fund is required by State Law
- The Library establishes other funds to control and to manage money for particular purposes (such as the expendable trust fund) or to show that it is properly using certain revenues (such as the building fund).

The Library has one major type of fund:

- **Governmental Funds:** All of the Library's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds' statements can explain the relationship (or differences) between them.

VOORHEESVILLE PUBLIC LIBRARY
*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)*
JUNE 30, 2012 AND 2011

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

**Table A-1: Condensed Statement of Net Assets
(in thousands)**

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>
Current and Other Assets	\$ 332	\$ 326
Capital Assets, Net of Depreciation	<u>825</u>	<u>791</u>
Total Assets	<u>1,157</u>	<u>1,117</u>
Short-Term Liabilities	131	144
Long-Term Liabilities	<u>96</u>	<u>58</u>
Total Liabilities	<u>227</u>	<u>202</u>
Net assets		
Invested in Capital Assets, Net of Related Debt	825	762
Assigned	6	2
Restricted	25	22
Unassigned	<u>74</u>	<u>129</u>
Total Net Assets	<u>\$ 930</u>	<u>\$ 915</u>

VOORHEESVILLE PUBLIC LIBRARY
*MANAGEMENT'S DISCUSSION
 AND ANALYSIS (UNAUDITED) (CONTINUED)*
 JUNE 30, 2012 AND 2011

**Table A-2: Changes in Net Assets from Operating Results
 (in thousands)**

	Fiscal Year 2012	Fiscal Year 2011
Revenues		
Program Revenues		
Operating Grants	\$ 9	\$ 6
Desk Receipts	18	19
General Revenues		
Real Property Taxes	1,031	988
Donations	5	17
Memorial Fund Revenue	<u>3</u>	<u>-</u>
Total Revenues	<u>1,066</u>	<u>1,030</u>
Expenses		
General Support	882	902
Special Programs	12	20
Employee Benefits	<u>157</u>	<u>95</u>
Total Expenses	<u>1,051</u>	<u>1,017</u>
Increase in Net Assets	<u>\$ 15</u>	<u>\$ 13</u>

CAPITAL ASSETS

As of June 30, 2012 and 2011, the Library had \$824,892 and \$791,420, respectively, (net of accumulated depreciation) invested in various land, building, furniture and equipment. The library materials (books, videos, etc.) are not capitalized, as it is not practical to determine their net realizable values.

LONG-TERM LIABILITIES

As of June 30, 2012 and 2011, the Library had \$45,104 and \$42,015, respectively, in compensated absences. As of June 30, 2012 and 2011, the Library had \$0 and \$30,000, respectively, in serial bond payable. As of June 2012 and 2011, the Library had \$10,966 and \$16,449, respectively, in long-term amounts due to the Employee Retirement System. As of June 30, 2012, the Library had \$40,196 in other postemployment benefits.

DESCRIPTION OF CURRENT AND EXPECTED CONDITIONS

At the time these financial statements were prepared and audited, the Library was not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activities of the Library in the near future.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Library's citizens, taxpayers, customers, investors and creditors with a general overview of the finances and to demonstrate the Library's accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the
Voorheesville Public Library

We have audited the accompanying financial statements of the governmental activities of the Voorheesville Public Library as of and for the years ended June 30, 2012 and 2011, as listed in the Table of Contents. These financial statements are the responsibility of the management of Voorheesville Public Library. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 governmental activities of the Voorheesville Public Library at June 30, 2012 and 2011, and the respective changes in financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 27 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 15, 2012

VOORHEESVILLE PUBLIC LIBRARY

STATEMENTS OF NET ASSETS

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash		
Unrestricted	\$ 289,548	\$ 245,631
Restricted	36,492	73,076
Accounts and Grants Receivable	500	-
Prepaid Expenses	5,914	6,379
Capital Assets, Net	<u>824,892</u>	<u>791,420</u>
 Total Assets	 <u>1,157,346</u>	 <u>1,116,506</u>
Liabilities		
Payables		
Serial Bond Payable, Due Within 1 Year	-	30,000
Accounts Payable	5,134	18,054
Accrued Liabilities	26,303	22,235
Deferred Revenue	500	-
Due to Employees Retirement System, Due Within 1 Year	99,575	73,244
Long-Term Liabilities		
Compensated Absences	45,104	42,015
Due to Employees Retirement System	10,966	16,449
Other Postemployment Benefits	<u>40,196</u>	<u>-</u>
 Total Liabilities	 <u>227,778</u>	 <u>201,997</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	824,892	761,420
Assigned for:		
Library material	5,772	1,905
Restricted for:		
Trust Funds	24,905	21,890
Designated for:		
Subsequent Year's Expenditures	10,000	10,000
Unassigned	<u>63,999</u>	<u>119,294</u>
 Total Net Assets	 <u>\$ 929,568</u>	 <u>\$ 914,509</u>

VOORHEESVILLE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
General Support	\$ (882,441)	\$ 17,582	\$ 4,275	\$ (860,584)
Special Programs	(11,650)	-	5,033	(6,617)
Employee Benefits	<u>(156,807)</u>	<u>-</u>	<u>-</u>	<u>(156,807)</u>
	<u>\$ (1,050,898)</u>	<u>\$ 17,582</u>	<u>\$ 9,308</u>	<u>(1,024,008)</u>
 <u>General Revenues</u>				
Real Property Taxes				1,030,600
Donations				4,812
Memorial Fund Revenue				3,135
Interest Income				<u>520</u>
Total General Revenues				<u>1,039,067</u>
Change in Net Assets				15,059
Total Net Assets, Beginning of Year				<u>914,509</u>
Total Net Assets, End of Year				<u>\$ 929,568</u>

VOORHEESVILLE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
General Support	\$ (901,560)	\$ 18,538	\$ 5,169	\$ (877,853)
Special Programs	(20,014)	-	488	(19,526)
Employee Benefits	<u>(95,302)</u>	<u>-</u>	<u>-</u>	<u>(95,302)</u>
	<u>\$ (1,016,876)</u>	<u>\$ 18,538</u>	<u>\$ 5,657</u>	<u>(992,681)</u>
 <u>General Revenues</u>				
Real Property Taxes				987,935
Donations				17,105
Memorial Fund Revenue				<u>161</u>
Total General Revenues				<u>1,005,201</u>
Change in Net Assets				12,520
Total Net Assets, Beginning of Year				<u>901,989</u>
Total Net Assets, End of Year				<u>\$ 914,509</u>

VOORHEESVILLE PUBLIC LIBRARY

BALANCE SHEET-GOVERNMENTAL FUNDS

JUNE 30, 2012

		<u>Special Revenue Funds</u>			
		<u>Expendable</u>			
	<u>General</u>	<u>Trust</u>	<u>Building</u>		<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
Assets					
Unrestricted Cash	\$ 289,548	\$ -	\$ -		\$ 289,548
Restricted Cash	-	26,165	10,327		36,492
Accounts and Grant Receivable	500	-	-		500
Prepaid Expenses	5,914	-	-		5,914
Due from Building Fund	38,268	-	-		38,268
Due from Expendable Trust Fund	1,260	-	-		1,260
Total Assets	<u>\$ 335,490</u>	<u>\$ 26,165</u>	<u>\$ 10,327</u>		<u>\$ 371,982</u>
Liabilities					
Accounts Payable	\$ 5,134	\$ -	\$ -		\$ 5,134
Accrued Liabilities	26,303	-	-		26,303
Deferred Revenue	500	-	-		500
Due to Employees Retirement System	99,575	-	-		99,575
Due to General Fund	-	1,260	38,268		39,528
Total Liabilities	<u>131,512</u>	<u>1,260</u>	<u>38,268</u>		<u>171,040</u>
Fund Balances					
Assigned for Library Material	5,772	-	-		5,772
Restricted for Trust Funds	-	24,905	-		24,905
Unassigned-					
Designated for Subsequent Year's Expenditures	10,000	-	-		10,000
Unassigned (Deficit)	188,206	-	(27,941)		160,265
Total Fund Balances (Deficit)	<u>203,978</u>	<u>24,905</u>	<u>(27,941)</u>		<u>200,942</u>
Total Liabilities and Fund Balances	<u>\$ 335,490</u>	<u>\$ 26,165</u>	<u>\$ 10,327</u>		<u>\$ 371,982</u>

Reconciliation of total fund balances to total net assets in the Statement of Net Assets

Total balances for governmental funds	\$ 200,942
Capital assets used in governmental activities are capitalized under full accrual accounting	824,892
Long term liabilities, representing compensated absences that are not due and payable in the current period	(45,104)
Long term liabilities, representing due to Employees Retirement System that are not due and payable in the current period	(10,966)
Other postemployment benefit liability is recognized as a liability under full accrual accounting	<u>(40,196)</u>
Net assets of governmental activities	<u>\$ 929,568</u>

VOORHEESVILLE PUBLIC LIBRARY

BALANCE SHEET-GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue Funds			Total
	General Fund	Expendable Trust Fund	Building Fund	
Assets				
Unrestricted Cash	\$ 245,631	\$ -	\$ -	\$ 245,631
Restricted Cash	-	23,150	49,926	73,076
Prepaid Expenses	6,379	-	-	6,379
Due from Building Fund	18,268	-	-	18,268
Due from Expendable Trust Fund	1,260	-	-	1,260
Total Assets	<u>\$ 271,538</u>	<u>\$ 23,150</u>	<u>\$ 49,926</u>	<u>\$ 344,614</u>
Liabilities				
Accounts Payable	\$ 10,302	\$ -	\$ 7,752	\$ 18,054
Accrued Liabilities	22,235	-	-	22,235
Due to Employees Retirement System	73,244	-	-	73,244
Due to General Fund	-	1,260	18,268	19,528
Total Liabilities	<u>105,781</u>	<u>1,260</u>	<u>26,020</u>	<u>133,061</u>
Fund Balances				
Assigned for Library Material	1,905	-	-	1,905
Restricted for Trust Funds	-	21,890	-	21,890
Unassigned-				
Designated for Subsequent Year's Expenditures	10,000	-	-	10,000
Unassigned	153,852	-	23,906	177,758
Total Fund Balances	<u>165,757</u>	<u>21,890</u>	<u>23,906</u>	<u>211,553</u>
Total Liabilities and Fund Balances	<u>\$ 271,538</u>	<u>\$ 23,150</u>	<u>\$ 49,926</u>	<u>\$ 344,614</u>

Reconciliation of total fund balances to total net assets in the Statement of Net Assets

Total balances for governmental funds	\$ 211,553
Capital assets used in governmental activities are capitalized under full accrual accounting	791,420
Long term liabilities, representing compensated absences that are not due and payable in the current period	(42,015)
Long term liabilities, including serial bonds payable, that are not due and payable in the current period	(30,000)
Long term liabilities, representing due to Employees Retirement System that are not due and payable in the current period.	(16,449)
Net assets of governmental activities	<u>\$ 914,509</u>

VOORHEESVILLE PUBLIC LIBRARY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Expendable Trust Fund</u>	<u>Building Fund</u>	
Revenues				
Property Taxes	\$ 1,030,600	\$ -	\$ -	\$ 1,030,600
Desk Receipts	17,582	-	-	17,582
Donations	4,812	-	-	4,812
Grants	9,308	-	-	9,308
Memorial Fund Revenue	-	3,135	-	3,135
Interest Income	519	-	1	520
Total Revenues	<u>1,062,821</u>	<u>3,135</u>	<u>1</u>	<u>1,065,957</u>
Expenditures				
Salaries	604,669	-	-	604,669
Payroll Taxes	46,477	-	-	46,477
Library Expansion	-	-	51,740	51,740
Equipment	10,670	-	-	10,670
Library Material	75,549	-	-	75,549
Grant Expenses	4,146	-	-	4,146
Supplies	11,333	-	-	11,333
Telephone	3,459	-	-	3,459
Postage and Freight	3,619	-	-	3,619
Publicity and Printing	4,386	-	-	4,386
Travel and Conferences	3,095	-	-	3,095
Automated Services	8,671	-	-	8,671
Professional Fees	31,879	-	-	31,849
Membership Fees	836	-	-	836
Repairs and Maintenance	29,148	-	-	29,148
Fuel and Utilities	17,279	-	-	17,279
Insurance	8,821	-	-	8,821
Special Programs	7,504	-	-	7,504
Employee Benefits	122,094	-	-	122,094
Miscellaneous	479	120	108	707
Debt Service	30,486	-	-	30,486
Total Expenditures	<u>1,024,600</u>	<u>120</u>	<u>51,848</u>	<u>1,076,568</u>
Excess (Deficiency) of Revenues Over Expenditures	38,221	3,015	(51,847)	(10,611)
Fund Balances-Beginning of Year	<u>165,757</u>	<u>21,890</u>	<u>23,906</u>	<u>211,553</u>
Fund Balances (Deficit)-End of Year	<u>\$ 203,978</u>	<u>\$ 24,905</u>	<u>\$ (27,941)</u>	<u>\$ 200,942</u>

VOORHEESVILLE PUBLIC LIBRARY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of total expenditures

Total expenditures on governmental funds statement	\$ 1,076,568
Capital asset acquisitions	(66,002)
Serial bond principal payment	(30,000)
Depreciation expense	32,530
Net change in compensated absences	3,089
Net change in non-current portion of employee retirement system	(5,483)
Postemployment benefits	<u>40,196</u>
 Total expenses on government-wide statement	 <u>\$ 1,050,898</u>

VOORHEESVILLE PUBLIC LIBRARY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Trust Fund</u>	<u>Building Fund</u>	
Revenues				
Property Taxes	\$ 987,935	\$ -	\$ -	\$ 987,935
Desk Receipts	18,538	-	-	18,538
Donations	17,105	-	-	17,105
Grants	5,657	-	-	5,657
Memorial Fund Revenue	-	161	-	161
Total Revenues	<u>1,029,235</u>	<u>161</u>	<u>-</u>	<u>1,029,396</u>
Expenditures				
Salaries	605,544	-	-	605,544
Payroll Taxes	46,386	-	-	46,386
Library Expansion	-	-	23,252	23,252
Equipment	19,918	-	-	19,918
Library Material	87,992	322	-	88,314
Grant Expenses	1,164	-	-	1,164
Supplies	13,157	-	-	13,157
Telephone	5,405	-	-	5,405
Postage and Freight	3,443	-	-	3,443
Publicity and Printing	5,029	-	-	5,029
Travel and Conferences	992	-	-	992
Automated Services	7,979	-	-	7,979
Professional Fees	29,829	-	-	29,829
Membership Fees	591	-	-	591
Repairs and Maintenance	24,035	-	-	24,035
Fuel and Utilities	21,499	-	-	21,499
Insurance	8,276	-	-	8,276
Special Programs	18,850	-	-	18,850
Employee Benefits	100,785	-	-	100,785
Miscellaneous	679	31	37	747
Debt Service	31,458	-	-	31,458
Total Expenditures	<u>1,033,011</u>	<u>353</u>	<u>23,289</u>	<u>1,056,653</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,776)	(192)	(23,289)	(27,257)
Fund Balances-Beginning of Year	<u>169,533</u>	<u>22,082</u>	<u>47,195</u>	<u>238,810</u>
Fund Balances-End of Year	<u>\$ 165,757</u>	<u>\$ 21,890</u>	<u>\$ 23,906</u>	<u>\$ 211,553</u>

VOORHEESVILLE PUBLIC LIBRARY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Reconciliation of total expenditures

Total expenditures on governmental funds statement	\$ 1,056,653
Capital asset acquisitions	(41,201)
Serial bond principal payment	(30,000)
Depreciation expense	32,587
Net change in compensated absences	4,319
Net change in non-current portion of employee retirement system	<u>(5,482)</u>
 Total expenses on government-wide statement	 <u>\$ 1,016,876</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Library is organized pursuant to Section 255 of the Education Law of the State of New York representing a public library superimposed on the Voorheesville Central School District, and was chartered by the N.Y.S. Education Department in 1949.

B. Basis of Presentation

The Library's basic financial statements consist of Government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Library as a whole. The statement of net assets presents the financial condition of the governmental activities of the Library at year end. The statement of activities presents a comparison between direct expenses and grant revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Grant revenues are shown as restricted to meeting the operational requirements of a particular function.

Fund Financial Statements - The fund statements provide information about the Library's funds. Separate statements for each fund category are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund - The general fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. **Expendable Trust Fund** - The expendable trust fund is used to account for gifts and memorial donations received by the Library.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Special Revenue Funds (Continued)

2. Building Fund - The building fund is used to account for the expenditure of money resulting from the sale of the former library building and the expansion of the new building. The expenditures are limited to improving and furnishing the new Library and any surplus shall be used for the support of the Library as the voters of the District shall direct.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transactions take place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Cash and Cash Equivalents

The Library's cash and cash equivalents consist of cash on hand and non-interest bearing demand deposits. New York State law governs the Library's investment policies. Resources must be deposited in FDIC - insured commercial banks or trust companies located within the State. The Library's cash and cash equivalents were either insured by Federal Depository Insurance or collateralized by the assets of the Library's agent in the Library's name.

E. Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisal of deflated current replacement costs. Contributed assets are reported at estimated fair market values at the time received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Capital Assets and Depreciation (Continued)

Capital assets in excess of \$300 per item are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: building - 39 years, building improvements - 15 years, machinery and equipment - 5-10 years, and furniture and fixtures - 3-5 years.

F. Property Taxes

Real property taxes are levied annually by the Board of Trustees in a separate resolution on the same assessment as the Voorheesville Central School District. Uncollected real property taxes are substantially enforced by the county in which the district is located.

G. Vested Employee Benefits

The Library's employees are granted vacation in varying amounts, based primarily on length of service and position. Vacation leave used is based on a last-in, first-out basis. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated vacation leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect for the subsequent fiscal year.

H. Budgetary Procedures and Budgetary Accounting

The Library administration prepares a proposed budget for approval by the board of trustees.

The proposed appropriation budget for the general fund was approved by the voters within the district.

Appropriations are adopted at the program level. Appropriations established by adoption of the budget constitute a limitation on the expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists that was not initially determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Library has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing overexpenditures of established appropriations. Open encumbrances are reported as a reservation of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

K. Fund Balances

As of June 30, 2011, the Library implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

1. Assigned Fund Balance Policy

The Library's accounting software utilizes encumbrance-based accounting. As of June 30, 2012 and 2011 there was a cumulative \$5,772 and \$1,905, respectively, in non-restricted encumbrances assigned for library materials.

2. Order of Fund Balance Spending Policy

The Library's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balances (Continued)

3. Categories

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2012 and 2011, the Library had restricted net assets of \$24,905 and \$21,980, respectively, restricted for use in accordance with donor requirements.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the Library Board.

Assigned fund balance includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Library or designated by the Library Board for ensuing year's budget.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

For projects undertaken by the Library that have resources available from multiple sources and categories, resources are first spent for the highest constraint level possible.

4. Unassigned Fund Balance

Unassigned fund balance consists of two classifications. A designation of unassigned fund balance indicates the planned use of these resources in the subsequent years' budget. The balance of this unassigned fund balance is unrestricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance (Continued)

5. Deficit

The Building Fund has a temporary deficit fund balance of \$27,941. This will be funded when the Library obtains permanent financing for the Library expansion.

L. Pension Plan

Plan Description

The Library participates in the New York State and Local Employee Retirement System (ERS). The system is a cost-sharing multiple employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12224.

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement Systems after July 27, 1976 who contribute 3% of their salary. Effective October 1, 2000, employees with greater than ten years of service are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Library is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2012	\$	75,683
2011	\$	56,956
2010	\$	32,113

The Library's contributions made to the System were equal to 100 percent of the contributions required for each year. The approximate rates paid in the three years from 2010-2012 were 7.1%, 11.4%, and 15.9% for the largest employee group, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Post-Employment Benefits

The Library provides postemployment health insurance coverage to retired employees in accordance with the provisions of its personnel policy manual. The Library implemented GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, in the year ended June 30, 2012. This required the Library to calculate and record a net other postemployment benefit obligation (“OPEB”) at year end.

Substantially all employees attaining 15 years of full time employment may become eligible for these benefits if they reach age 62 while working for the Library, until they become eligible for other health insurance benefits, including Medicare eligibility at age 65. During this period the Library will pay 100% of the cost of premiums, for individual coverage, unless the retiree is eligible to receive subsidies for similar type coverage from another employer, or former employer of the retiree, or the retiree’s spouse. The Library has estimated as of June 30, 2012 the total liability for other postemployment benefits of \$40,196, which is reflected in the statement of net assets.

Funding Policy: Until changes are made in the New York State law to permit funding, there is no legal authority to fund OPEB, other than “pay as you go”.

Funding Status and Funding Progress: As of June 30, 2012, the plan was 0% funded. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Estimated Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members). The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in estimated accrued liabilities and the estimated value of assets, consistent with the long-term perspective of the calculations.

As of June 30, 2012 the assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after 5 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	July 1, 2011	Additions	Deletions	June 30, 2012
Land	\$ 154,706	\$ -	\$ -	\$ 154,706
Building	621,753	1,550	-	623,303
Equipment	215,060	11,292	-	226,352
Furniture and Fixtures	132,356	1,420	-	133,776
Land Improvements	1,800	-	-	1,800
Construction in Progress	<u>49,470</u>	<u>51,740</u>	<u>-</u>	<u>101,210</u>
	<u>1,175,145</u>	<u>66,002</u>	<u>-</u>	<u>1,241,147</u>
Less: Accumulated Depreciation:				
Building	86,776	16,332	-	103,108
Equipment	173,659	12,933	-	186,592
Furniture and Fixtures	122,510	3,145	-	125,655
Land Improvements	<u>780</u>	<u>120</u>	<u>-</u>	<u>900</u>
	<u>383,725</u>	<u>32,530</u>	<u>-</u>	<u>416,255</u>
Net Capital Assets	<u>\$ 791,420</u>	<u>\$ 33,472</u>	<u>\$ -</u>	<u>\$ 824,892</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$32,530 and \$32,587, respectively.

O. Indebtedness

Serial bond activity for the year ended June 30, 2012 was as follows:

	July 1, 2011	Additions	Deletions	June 30, 2012
Serial Bond	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>

Interest expense for the years ended June 30, 2012 and 2011 was \$486 and \$1,458, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Reclassifications

Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

Q. Subsequent Events

Management has evaluated subsequent events or transactions occurring through October 15, 2012, the date the financial statements were available to be issued.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the government-wide financial statements as compared with the current financial resources focus on the governmental funds.

A. Total fund balances of governmental funds as compared to net assets of governmental activities:

Total fund balances of the District's governmental funds differ from net assets of governmental activities reported in the statement of net assets. This difference primarily results from the additional long term economic focus of the statement of net assets versus the current financial resources of the governmental fund balance sheets as it relates to capital assets, serial bonds, long-term employee retirement system liabilities, compensated absences, and postemployment benefits.

B. Statement of Revenues, Expenditures and Changes in Fund Balance as compared to the Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities are primarily a result of capital related items and debt principal payments. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

3. OPERATING ACTIVITIES

During the course of normal operations, the Library records transactions between funds including transfers between funds to finance various projects.

Interfund receivable and payable balances arising from these transactions as of June 30, 2012 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 39,528	\$ -
Expendable Trust Fund	-	1,260
Building Fund	-	38,268
	<u>\$ 39,528</u>	<u>\$ 39,528</u>

4. ADDITIONAL DISCLOSURES

1. Budget Modifications

The 2011-2012 operating budget activity is summarized as follows:

Original adopted budget	\$ 1,074,860
Revisions:	
Carryover of encumbrances	37,762
Transfer of budgeted funds to Building Fund	(50,906)
Revised Budget	<u>\$ 1,061,716</u>

2. In-kind Contributions

The Library does not record in-kind contributions since they are relatively immaterial in amount and not easily susceptible to valuation.

5. COMMITMENTS AND CONTINGENCY

1. Unemployment Insurance

Effective January 11, 1979, unemployment insurance coverage became mandatory for governmental entities. Governmental entities were permitted to discharge their liability by either (a) contribution tax method, or (b) benefit reimbursement method. The Library has elected to pay using the benefit reimbursement method, whereby the Library will reimburse the Unemployment Insurance Fund for all benefits paid to former employees of the Library.

2. Employee Retirement System

On August 4, 2010 the Library accepted the Board of Education's proposal for repaying a retirement obligation from previous years. The total liability of \$21,932 was to be repaid in annual installments of \$5,483 over four years, of which \$10,966 and \$16,449 was long-term at June 30, 2012 and 2011, respectively.

3. Compensated Absences

The Library does not accrue a liability for accumulating nonvesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, nonvesting sick leave is considered a contingent liability. The Library estimates approximately \$74,413 in accumulated, nonvested sick leave at June 30, 2012.

4. New Library Proposal

In September 2006, voters approved a request to build a new, larger library. A contract to purchase land for the new library site was entered into during the year ended June 30, 2012, with a subsequent closing scheduled to occur by November 2012. An architect was engaged in 2011, and is currently working on the program and design in hopes to bring a referendum to the school district during the 2013 fiscal year.

VOORHEESVILLE PUBLIC LIBRARY
 STATEMENT OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL -GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Changes	Revised Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
Revenues						
Property Taxes	\$ 1,030,596	\$ -	\$ 1,030,596	\$ 1,030,600	\$ -	\$ 4
Desk Receipts	21,000	-	21,000	17,582	-	(3,418)
Interest Income	3,300	-	3,300	519	-	(2,781)
Donations	4,500	-	4,500	4,812	-	312
Grants	<u>5,464</u>	<u>-</u>	<u>5,464</u>	<u>9,308</u>	<u>-</u>	<u>3,844</u>
Total Revenues	1,064,860	-	1,064,860	<u>\$ 1,062,821</u>	<u>\$ -</u>	<u>\$ (2,039)</u>
Appropriated Fund Balance	<u>10,000</u>	<u>(13,144)</u>	<u>(3,144)</u>			
Total Revenues and Appropriated Fund Balance	<u>\$ 1,074,860</u>	<u>\$ (13,144)</u>	<u>\$ 1,061,716</u>			
Expenditures						
Salaries	\$ 623,000	\$ (8,969)	\$ 614,031	\$ 604,669	\$ -	\$ 9,362
Payroll Taxes	47,660	-	47,660	46,477	-	1,183
Equipment	10,000	742	10,742	10,670	-	72
Library Material	92,000	(250)	91,750	75,549	5,772	10,429
Grant Expenses	-	-	-	4,146	-	(4,146)
Supplies	16,000	(4,000)	12,000	11,333	-	667
Telephone	6,000	-	6,000	3,459	-	2,541
Postage and Freight	3,000	619	3,619	3,619	-	-
Publicity and Printing	5,000	-	5,000	4,386	-	614
Travel and Conferences	1,000	2,095	3,095	3,095	-	-
Automated Services	9,000	(136)	8,864	8,671	-	193
Professional Fees	33,000	7,000	40,000	31,879	-	8,121
Membership Fees	700	136	836	836	-	-
Repairs and Maintenance	25,500	6,804	32,304	29,148	-	3,156
Fuel and Utilities	25,200	(1,254)	23,946	17,279	-	6,667
Insurance	11,000	-	11,000	8,821	-	2,179
Special Programs	6,600	1,135	7,735	7,504	-	231
Employee Benefits	121,700	(10,066)	111,634	122,094	-	(10,460)
Miscellaneous	500	-	500	479	-	21
Debt Service	<u>38,000</u>	<u>(7,000)</u>	<u>31,000</u>	<u>30,486</u>	<u>-</u>	<u>514</u>
Total Expenditures	<u>\$ 1,074,860</u>	<u>\$ (13,144)</u>	<u>\$ 1,061,716</u>	<u>\$ 1,024,600</u>	<u>\$ 5,772</u>	<u>\$ 31,344</u>

VOORHEESVILLE PUBLIC LIBRARY
 STATEMENT OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL -GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Changes	Revised Budget	Actual	Encumbrances	Favorable (Unfavorable) Variance
Revenues						
Property Taxes	\$ 987,936	\$ -	\$ 987,936	\$ 987,935	\$ -	\$ (1)
Desk Receipts	20,000	-	20,000	18,538	-	(1,462)
Interest Income	3,300	-	3,300	-	-	(3,300)
Donations	3,000	-	3,000	17,105	-	14,105
Grants	5,464	-	5,464	5,657	-	193
Total Revenues	<u>1,019,700</u>	<u>-</u>	<u>1,019,700</u>	<u>\$ 1,029,235</u>	<u>\$ -</u>	<u>\$ 9,535</u>
Appropriated Fund Balance	<u>10,000</u>	<u>23,014</u>	<u>33,014</u>			
Total Revenues and Appropriated Fund Balance	<u>\$ 1,029,700</u>	<u>\$ 23,014</u>	<u>\$ 1,052,714</u>			
Expenditures						
Salaries	\$ 595,000	\$ 14,863	\$ 609,863	\$ 605,544	\$ -	\$ 4,319
Payroll Taxes	45,000	1,386	46,386	46,386	-	-
Equipment	11,000	17,000	28,000	19,918	-	8,082
Library Material	90,000	(1,937)	88,063	87,992	1,905	(1,834)
Grant Expenses	-	564	564	1,164	-	(600)
Supplies	15,000	(1,843)	13,157	13,157	-	-
Telephone	10,000	(3,143)	6,857	5,405	-	1,452
Postage and Freight	3,500	-	3,500	3,443	-	57
Publicity and Printing	6,000	-	6,000	5,029	-	971
Travel and Conferences	1,000	-	1,000	992	-	8
Automated Services	9,000	(564)	8,436	7,979	-	457
Professional Fees	29,000	829	29,829	29,829	-	-
Membership Fees	700	-	700	591	-	109
Repairs and Maintenance	21,500	7,307	28,807	24,035	-	4,772
Fuel and Utilities	25,200	(2,881)	22,319	21,499	-	820
Insurance	11,000	-	11,000	8,276	-	2,724
Special Programs	6,600	964	7,564	18,850	-	(11,286)
Employee Benefits	111,700	(9,645)	102,055	100,785	-	1,270
Miscellaneous	500	114	614	679	-	(65)
Debt Service	38,000	-	38,000	31,458	-	6,542
Total Expenditures	<u>\$ 1,029,700</u>	<u>\$ 23,014</u>	<u>\$ 1,052,714</u>	<u>\$ 1,033,011</u>	<u>\$ 1,905</u>	<u>\$ 17,798</u>