

VOORHEESVILLE PUBLIC LIBRARY

**Financial Statements
as of June 30, 2015
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 13, 2015

To the Board of Trustees of Voorheesville Public Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Voorheesville Public Library (Library) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 also 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Library, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Bonadio & Co., LLP

VOORHEESVILLE PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2015

Our discussion and analysis of Voorheesville Public Library's (the Library) financial performance provides an overview of the financial activities for the year ended June 30, 2015. This document should be read in conjunction with the Library's financial statements which begin on page 7.

USING THIS ANNUAL REPORT

This annual report consists of a set of financial statements and notes. The Statement of Net Position and the Statement of Activities (on pages 7 and 8) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. Fund financial statements begin on page 9. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by comparing budget totals to actual.

REPORTING THE LIBRARY AS A WHOLE

Our analysis of the Library as a whole begins below. One of the most important questions asked about the Library's finances is, "Is Voorheesville Public Library, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library as a whole and about its activities in a manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report Voorheesville Public Library's net position and changes in them. You can think of the Library's net position – the difference between assets and liabilities – as one way to measure the Library's financial health, or financial position. Over time, increases or decreases in the Library's net position are one indicator of whether its financial health is improving or deteriorating.

THE GOVERNMENT AS A WHOLE

The Library's net position increased from \$750,875 to \$850,819 as depicted in the following table.

Table 1

	Governmental Activities			Percentage Change
	2015	2014	Change	
Current assets	\$ 626	\$ 588	\$ 38	6%
Capital assets	376	389	(13)	-3%
Deferred outflows of resources	100	-	100	100%
Total assets	<u>\$ 1,102</u>	<u>\$ 977</u>	<u>\$ 125</u>	13%
Current liabilities	\$ 130	\$ 151	\$ (21)	-14%
Non current liabilities	121	75	46	
Total liabilities	<u>\$ 251</u>	<u>\$ 226</u>	<u>\$ 25</u>	11%
Net Position:				
Invested in capital assets, net of related debt	\$ 376	\$ 389	\$ (13)	-3%
Restricted	20	19	1	100%
Unrestricted	455	343	112	100%
Total	<u>\$ 851</u>	<u>\$ 751</u>	<u>\$ 100</u>	

THE GOVERNMENT AS A WHOLE (Continued)

Significant variances are explained below.

- Capital assets and Net Position invested in capital assets decreased primarily due to a change in the valuation of capital assets caused by a full inventory being completed.

The Library's fiscal year 2015 revenue totaled \$1,204,541 (see Table 2). Property taxes accounted for approximately 92% of total revenue. Expenditures totaled \$1,111,709 of which 44% is comprised of salary and benefits for librarians and support staff.

Table 2
Change in Net Position
Governmental
Activities

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenue			
Program revenue:			
Charges for services	\$ 14	\$ 15	\$ (1)
Operating grants	64	5	59
General revenue:			
Real property taxes	1,113	1,124	(11)
Interest income	-	-	-
Insurance recoveries	7	-	7
Donations	7	5	2
Total revenue	<u>1,205</u>	<u>1,149</u>	<u>56</u>
Program expenses:			
Culture and recreation	<u>1,112</u>	<u>1,015</u>	<u>97</u>
Total expenses	<u>1,112</u>	<u>1,015</u>	<u>97</u>
Change in net position	<u>\$ 93</u>	<u>\$ 134</u>	<u>\$ (41)</u>

- Culture and recreation expenses increased primarily as a result of capital projects started in the current year.
- Real property taxes revenue increased primarily as a result of an increase in amounts collected.

Table 3 presents the cost of the Library's governmental function of culture and recreation – as well as the program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Library by this function.

Table 3
Governmental Activities

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>Total Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Net Cost of Services</u>
Culture and recreation	<u>\$ 1,111,709</u>	<u>\$ 1,014,775</u>	<u>\$ 1,033,249</u>	<u>\$ 995,167</u>

THE GOVERNMENT AS A WHOLE (Continued)

Significant variances are explained below.

- The cost of all governmental activities this year was \$1,111,709.
- The users of the Library's programs financed \$14,407 of the costs.
- State operating grants subsidized certain programs with contributions in the amount of \$64,053.
- Most of the Library's net costs of \$1,111,709 were financed by local taxpayers.

FUND ANALYSIS

The Library utilizes three funds – General, Special Miscellaneous, and Capital. The General Fund is used for the operations of the Library. Significant activities in the General Fund consist of salary and benefits to library staff, maintenance and operation of the library building, and purchase of books, periodicals, and other resources for the community's use. The General Fund ended the year with an operating surplus of \$42,769 and a fund balance of \$459,826. The Capital fund ended the year with a \$15,000 operating surplus and a fund balance of \$16,100. The Special Miscellaneous fund is used to account for donations and fundraising for the purpose of aiding the Library.

GENERAL FUND BUDGETARY HIGHLIGHTS

In the 2015 general fund budget revenue was projected to be \$1,140,675 and actual revenue was \$1,157,413 resulting in a favorable variance of \$16,738.

Overall expenditures were budgeted at \$1,150,675; actual expenditures were \$1,000,644, resulting in a favorable variance of \$150,031. This favorable variance was primarily due to a reduction in staffing.

The general fund balance at the end of the year was \$459,826. The current fund balance is necessary to sustain library operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the Library had \$375,794 invested in a broad range of capital assets including land, buildings, furniture and fixtures, and other equipment, net of accumulated depreciation.

Table 4
Capital Assets (Net of Depreciation)

	<u>2015</u>	<u>2014</u>
Land	\$ 154,706	\$ 154,706
Equipment	11,680	17,412
Buildings and improvements	198,310	214,366
Furniture and fixture	11,098	2,309
Net fixed assets	<u>\$ 375,794</u>	<u>\$ 388,793</u>

FACTORS BEARING ON THE FUTURE OF VOORHEESVILLE PUBLIC LIBRARY

The Library was aware of existing circumstances that could significantly affect its financial health in the future:

- The cost of the New York State Retirement benefits increased significantly over the past two years and costs will fluctuate as the market conditions change. More staff members have chosen to participate in the NY State Retirement benefit program which increases the cost to the Library.
- The Library building is aging and will require continual upkeep and repair, increasing the cost of operations.

CONTACTING VOORHEESVILLE PUBLIC LIBRARY'S FINANCIAL MANAGEMENT

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

Voorheesville Public Library
Gail Sacco, Library Director
51 School Road
Voorheesville, New York 12186

VOORHEESVILLE PUBLIC LIBRARY

STATEMENT OF NET POSITION JUNE 30, 2015

ASSETS

CURRENT ASSETS:

Cash	\$	603,822
Restricted cash		20,358
Prepaid expenses		<u>1,625</u>
Total current assets		<u>625,805</u>

NONCURRENT ASSETS:

Capital assets, net of accumulated depreciation		<u>375,794</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pensions		<u>100,062</u>
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TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		<u>1,101,661</u>
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LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses		42,044
Due to ERS		86,498
Unearned revenue		<u>979</u>
Total current liabilities		<u>129,521</u>

LONG TERM LIABILITIES

Compensated absences		37,596
Net pension liability		47,316
Other post-employment benefits		<u>36,409</u>

Total long-term liabilities		<u>121,321</u>
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TOTAL LIABILITIES		<u>250,842</u>
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NET POSITION

Investment in capital assets		375,794
Restricted		20,358
Unrestricted		<u>454,667</u>

TOTAL NET POSITION	\$	<u><u>850,819</u></u>
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The accompanying notes are an integral part of these statements.

VOORHEESVILLE PUBLIC LIBRARY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Charges for Services	Program Revenue		Capital Grants	Net (Expense) Revenue and Change in Net Position
	\$	\$	Operating Grants	\$	\$	\$
FUNCTIONS/PROGRAMS:						
Culture and recreation	1,111,709	14,407	64,053	\$	-	\$ (1,033,249)
GENERAL REVENUE:						
Real property taxes						1,112,674
Interest income						153
Insurance recoveries						6,726
Donations						6,528
						<u>1,126,081</u>
TOTAL GENERAL REVENUE						<u>1,126,081</u>
CHANGE IN NET POSITION						<u>92,832</u>
NET POSITION - beginning of year , previously reported						<u>750,875</u>
PRIOR PERIOD ADJUSTMENT						<u>7,112</u>
TOTAL NET POSITION - beginning of the year, as restated						<u>757,987</u>
TOTAL NET POSITION - end of year						<u>\$ 850,819</u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE PUBLIC LIBRARY

**BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2015**

	<u>General</u>	<u>Special Miscellaneous</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 587,722	\$ -	\$ 16,100	\$ 603,822
Restricted cash	-	20,358	-	20,358
Prepaid expenses	<u>1,625</u>	<u>-</u>	<u>-</u>	<u>1,625</u>
TOTAL ASSETS	<u>\$ 589,347</u>	<u>\$ 20,358</u>	<u>\$ 16,100</u>	<u>\$ 625,805</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 42,044	\$ -	\$ -	\$ 42,044
Due to employee's retirement system	86,498	-	-	86,498
Unearned revenue	<u>979</u>	<u>-</u>	<u>-</u>	<u>979</u>
TOTAL LIABILITIES	<u>129,521</u>	<u>-</u>	<u>-</u>	<u>129,521</u>
FUND BALANCE:				
Restricted	-	20,358	-	20,358
Assigned				
Appropriated for subsequent year's expenditures	10,000	-	-	10,000
Unappropriated	4,646	-	16,100	20,746
Unassigned	<u>445,180</u>	<u>-</u>	<u>-</u>	<u>445,180</u>
TOTAL FUND BALANCE	<u>459,826</u>	<u>20,358</u>	<u>16,100</u>	<u>496,284</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 589,347</u>	<u>\$ 20,358</u>	<u>\$ 16,100</u>	<u>\$ 625,805</u>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund balance, all governmental funds	\$ 496,284
Capital assets, net of disposals, used in governmental activities are not financial resources and, therefore, are not reported in the funds	375,794
GASB 68 related government wide activity	
Deferred outflows of resources	100,062
Net pension liability	(47,316)
Other postemployment benefits are recognized as a liability under full accrual accounting	(36,409)
Compensated absences are recognized as a liability under full accrual accounting	<u>(37,596)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 850,819</u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE PUBLIC LIBRARY

**STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>General</i>	<i>Special Miscellaneous</i>	<i>Capital Fund</i>	<i>Total Governmental Funds</i>
REVENUE:				
Real property taxes	\$ 1,112,674	\$ -	\$ -	\$ 1,112,674
Library fees	14,407	-	-	14,407
Interest income	153	-	-	153
Donations	5,300	1,228	-	6,528
Insurance recoveries	6,726	-	-	6,726
State grants	18,153	-	45,900	64,053
Total revenue	1,157,413	1,228	45,900	1,204,541
EXPENDITURES:				
General support	818,769	-	-	818,769
Special programs	6,264	-	-	6,264
Employee benefits	175,611	-	-	175,611
Capital outlay	-	-	144,900	144,900
Total expenditures	1,000,644	-	144,900	1,145,544
Other financing sources and (uses):				
Transfers in	-	-	114,000	114,000
Transfers out	(114,000)	-	-	(114,000)
	(114,000)	-	114,000	-
Total expenditures and other financing sources (uses)	1,114,644	-	30,900	1,145,544
CHANGE IN FUND BALANCE	42,769	1,228	15,000	58,997
FUND BALANCE - beginning of year	417,057	19,130	1,100	437,287
FUND BALANCE - end of year	\$ 459,826	\$ 20,358	\$ 16,100	\$ 496,284

The accompanying notes are an integral part of these statements.

VOORHEESVILLE PUBLIC LIBRARY

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balance - Total governmental funds	\$ 58,997
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statements of activities	(22,244)
Pension expense resulting from GASB 68 related pension actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	45,634
Capital outlays and revaluations are expenditures in governmental funds, but are capitalized in the statement of net position	9,245
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	4,689
Accrued compensated absences do not require the expenditure of current resources and are, therefore are not reported as expenditures in the governmental funds.	<u>(3,489)</u>
Change in net position - Governmental activities	<u>\$ 92,832</u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT JUNE 30, 2015

1. NATURE OF OPERATIONS

Voorheesville Public Library (Library) is a municipal corporation in the State of New York and was formed in 1949. The Library commenced operations during 1949 in the town of Voorheesville, New York and is governed by a Board of Trustees consisting of as many as nine members. A substantial portion of the Library's funding is provided by taxpayers billed through the Voorheesville Central School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Voorheesville Public Library (Library) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the entity's accounting policies are described below.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities present financial information about the Library's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double-counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue 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. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

The fund statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of Library are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The fund types used by Voorheesville Public Library are as follows:

- A. General Fund - The general fund is the principal fund of the Library and includes all operations not required to be recorded in other funds.
- B. Special Miscellaneous – used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose.
- C. Capital Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital projects.

Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange 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, revenue is recognized when measurable and available. The Library considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Library's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in the notes.

Use of 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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including useful lives of long-lived assets.

Cash

The Library's cash consists of cash on hand and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash (Continued)

Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

Capital Assets

Capital assets are reported at actual acquisition cost. Donated assets are reported at the estimated fair market value at the time received.

The capitalization threshold for buildings, building improvements, furniture and computer equipment is established at \$300. Depreciation is computed using the straight-line method over the estimated useful life of the capital asset and is reported as an expense in the Library-wide statements. The following are the estimated useful lives:

Land	N/A
Buildings	45 years
Buildings improvements and landscaping	15 years
Machinery and equipment	3-5 years
Furniture and fixtures	10-15 years

Prepaid Expenses

Prepaid expenses represent payments made by the Library for which benefits extend beyond year-end.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

The government has the following items that qualify for reporting in this category;

Deferred charges result from pension contributions made subsequent to the measurement date of the plan.

Deferred charges result from differences between expected and actual experience of the plan.

Deferred charges result from net differences between projected and actual earnings on pension plan investments of the plan.

These amounts are deferred and amortized and expensed against pension expense in future periods.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

The government has the following items that qualify for reporting in this category;

The net amount of the Library's balances of deferred inflows of resources related to pensions is reported in the government-wide Statement of Net Position as deferred inflows of resources. This represents the effect of the net change in the Library's proportion of the collective net pension asset or liability and the difference during the measurement period between the Library's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Other Benefits

Library employees participate in the New York State and Local Employees' Retirement System.

Budgetary Procedures and Budgetary Accounting

Budgetary Procedures

The Library employs the following budgetary procedures:

- A. The Library administration prepares a proposed budget for approval by the Board of Trustees.
- B. The proposed budget is voted on by the voters within the district in September as determined by the trustees. The proposed appropriation budget for the general fund was approved by the voters within the district.
- C. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of need which exists that was not initially determined at the time the budget was adopted.

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations are adopted at the program level. Appropriations established by adoption of the budget constitute a limitation on the expenditures which may be incurred. Appropriations lapse at the fiscal year end.

Property Taxes

Library assessments are levied annually as a separate resolution on the same assessment as the Voorheesville Central School District. Uncollected real property taxes are subsequently enforced by the County in which the resident is located.

Fund Balance/Net Position Classifications

Government-Wide Statements

In the Government-wide statements, there are three classes of net position:

Net investment in capital assets – consists of net capital position, (cost less accumulated depreciation).

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the Library.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

In the fund financial statements there are five allowable classifications of fund balance:

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. Non-spendable fund balance consists of the prepaid expenditures in the general fund at June 30, 2015.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision making authority, i.e., the Board of Trustees. The Library has no committed fund balances at June 30, 2015.

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. Amounts designated for subsequent years' expenditures reported in the general fund amount to \$10,000 at June 30, 2015.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Library.

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. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

For the year ended June 30, 2015, the Library adopted the GASB issued Statements No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

The Library also adopted the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

For the year ended June 30, 2015, the Library also adopted the GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND LIBRARY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Library-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 statement of activities, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Library's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and 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.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

4. CASH

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. Generally accepted accounting principles directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including trust funds	\$ 632,349	\$ 624,180
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 302,220	
Covered by FDIC insurance	<u>330,129</u>	
Total	<u>\$ 632,349</u>	

As of June 30, 2015, all of the deposits at year-end were covered by federal depository insurance or properly classified.

The Library typically does not purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The Library typically does not purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015, is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance End of Year</u>
Capital assets - not depreciated				
Land	\$ 154,706	\$ -	\$ -	\$ 154,706
Construction in progress	-	-	-	-
Total non-depreciable cost	<u>154,706</u>	<u>-</u>	<u>-</u>	<u>154,706</u>
Capital assets - depreciated				
Equipment	155,506	3,067	3,050	155,523
Buildings and improvements	666,447	-	-	666,447
Furniture and fixture	123,016	9,228	-	132,244
Total depreciable cost	<u>944,969</u>	<u>12,295</u>	<u>3,050</u>	<u>954,214</u>
Less: Accumulated depreciation				
Equipment	138,094	6,056	307	143,843
Buildings and improvements	452,081	16,056	-	468,137
Furniture and fixture	120,707	1,319	880	121,146
Total accumulated depreciation	<u>710,882</u>	<u>23,431</u>	<u>1,187</u>	<u>733,126</u>
Capital assets, net	<u>\$ 388,793</u>	<u>\$ (11,136)</u>	<u>\$ 1,863</u>	<u>\$ 375,794</u>

5. CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense of \$23,431 was allocated to culture and recreation for the year ended June 30, 2015.

6. INTERFUND BALANCE AND ACTIVITY

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditure
General fund	\$ -	\$ -	\$ -	\$ 114,000
Special Miscellaneous	-	-	-	-
Capital fund	-	-	114,000	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,000</u>	<u>\$ 114,000</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds are eliminated on the statement of net position.

7. LONG TERM DEBT

The following summarizes long-term debt activity of the Library for the year ended June 30, 2015:

	Beginning Balance	Issued	Deletions	Ending Balance
Other liabilities:				
Other post employment benefits	\$ 41,098	\$ -	\$ 4,689	\$ 36,409
Compensated absences	<u>34,107</u>	<u>3,489</u>	<u>-</u>	<u>37,596</u>
Total Long Term Debt	<u>\$ 75,205</u>	<u>\$ 3,489</u>	<u>\$ 4,689</u>	<u>\$ 74,005</u>

8. RETIREMENT SYSTEM

New York State Employee Retirement System

The Library participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

8. RETIREMENT SYSTEM (Continued)

New York State Employee Retirement System (Continued)

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Library also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2015	\$86,498
2014	\$70,404
2013	\$74,564

The Library's contributions made to the System were equal to 100% of the contributions required for each year.

Chapter 260 of the Laws of 2004 of the State of New York allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pensions' costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of the employee's covered pensionable salaries.

This law requires all participating employers to make payments on the current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For state fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.

8. RETIREMENT SYSTEM (Continued)

New York State Employee Retirement System (Continued)

- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on the current basis while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

All amounts due were remitted in full to the New York Employee Retirement System. No portion of the Library's retirement bill was amortized or bonded as of June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Library reported a liability of \$47,316 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2015, the "the Library's" proportion was 0.0014006 percent, which was an increase of 0% from its proportion measured June 30, 2014.

For the year ended June 30, 2015, the Library recognized pension expense of \$45,634. At June 30, 2015, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	1,515	-
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	8,218	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	3,831	-
Contributions subsequent to the measurement date	86,498	-
	<u>100,062</u>	<u>-</u>

8. RETIREMENT SYSTEM (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

New York State Employee Retirement System

Plan's Year Ended March 31:

2016	\$	3,391
2017		3,391
2018		3,391
2019		3,391
	\$	<u>13,564</u>

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The total pension liability for the March 31, 2014 measurement date was determined by using an actuarial valuation as of April 1, 2014. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.9 percent indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.5% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined in Accordance With Actuarial Standard Of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

New York State Employee Retirement System (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below:

<u>Asset Type</u>	<u>2015</u>	<u>2014</u>
Domestic Equity	7.3%	7.3%
International Equity	8.6%	8.6%
Private Equity	11.0%	11.0%
Real Estate	8.3%	8.3%
Absolute Return	6.8%	6.8%
Opportunistic Portfolio	8.6%	8.6%
Real Asset	8.7%	8.7%
Bonds, Cash & Mortgages	4.0%	4.0%
Cash	2.3%	2.3%
Inflation Indexed Bonds	4.0%	4.0%

8. RETIREMENT SYSTEM (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5%) or 1 percent higher (8.5%) than the current rate:

	1 % Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Proportionate Share of Net Pension liability	\$ 315,383	\$ 47,316	\$ (178,999)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 164,591,504,000	\$ 2,305,269	0.0014006%
Net position	(161,213,259,000)	(2,257,953)	0.0014006%
Net pension liability (asset)	<u>\$ 3,378,245,000</u>	<u>\$ 47,316</u>	0.0014006%
Fiduciary net position as a percentage of total pension liability	97.9%	97.9%	

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Library provides post-employment health insurance coverage to retired employees in accordance with the provision 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 statement requires the Library to calculate and record a net other postemployment benefit obligation ("OPEB") at year end.

Employees who attain 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, 2015, its liability for other postemployment benefits to be \$36,409.

Currently, the Library does not have any retirees for which other post-employment benefits are being paid.

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy

The obligations of the OPEB Plan are established by action of the Library pursuant to applicable collective bargaining and employment agreements. The Library will pay its portion of the premium for the retiree and spouse as described above. The costs of administering the OPEB Plan are paid by the Library.

The Library currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid by the Library for the year ended June 30, 2015, was \$0.

Funding Status and Funding Progress

As of June 30, 2015, the plan was 0% funded. Valuations of an ongoing plan involve estimate of the value of reported amounts and assumptions about the probability of occurrence of events far in 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.

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2015 and the preceding year are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ -	0%	\$ 41,098
6/30/2015	-	0%	36,409

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, 2015 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.

10. COMMITMENTS AND CONTINGENCIES

Other Contingencies

The Library participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Library believes that, based upon its review of current activity and prior experience, the amount of disallowances, resulting from these audits, if any, will be immaterial to the Library's financial position or results of operations.

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.

11. ACCOUNTING PRONOUNCEMENT ISSUED NOT YET IMPLEMENTED

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The Library is required to adopt the provisions of these Statements for the year ending June 30, 2018, with early adoption encouraged.

In August 2015, the GASB issued Statement No. 77 *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. The Library is required to adopt the provisions of these Statements for the year ending June 30, 2018, with early adoption encouraged.

The Library's management has not assessed the impact of these statements on its future financial statements.

12. CHANGE IN ACCOUNTING PRINCIPLES

The Library adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. Accordingly, Beginning Net Position and Net Pension Liability (Asset) of the Governmental Activities was adjusted as noted in the following table:

	Government-Wide Statement of Net Position			
	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Net Position
Balance at June 30, 2014, as previously reported	\$ -	\$ -	\$ -	\$ 750,875
Restatement of beginning balance - Adoption of GASB Statement No. 68 NYS Employee Retirement System Plan	-	(63,292)	70,404	7,112
Balance at June 30, 2014, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,404</u>	<u>\$ 757,987</u>

REQUIRED SUPPLEMENTARY INFORMATION

VOORHEESVILLE PUBLIC LIBRARY

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
REVENUE:				
Real property taxes	\$ 1,112,675	\$ 1,112,675	\$ 1,112,674	\$ (1)
Library fees	18,000	18,000	14,407	(3,593)
Interest income	500	500	153	(347)
Donations	4,500	4,500	5,300	800
Insurance recoveries	-	-	6,726	6,726
State grants	<u>5,000</u>	<u>5,000</u>	<u>18,153</u>	<u>13,153</u>
Total revenue	<u>1,140,675</u>	<u>1,140,675</u>	<u>1,157,413</u>	<u>16,738</u>
EXPENDITURES:				
General support	935,500	935,500	818,769	116,731
Special programs	7,400	7,400	6,264	1,136
Employee benefits	<u>207,775</u>	<u>207,775</u>	<u>175,611</u>	<u>32,164</u>
Total expenditures	<u>1,150,675</u>	<u>1,150,675</u>	<u>1,000,644</u>	<u>150,031</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(10,000)	(10,000)	156,769	166,769
OTHER FINANCING USES				
Operating transfer out	<u>-</u>	<u>-</u>	<u>114,000</u>	<u>(114,000)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>114,000</u>	<u>(114,000)</u>
NET CHANGE IN FUND BALANCE	<u>(10,000)</u>	<u>(10,000)</u>	<u>42,769</u>	<u>52,769</u>
FUND BALANCE - beginning of year	<u>417,057</u>	<u>417,057</u>	<u>417,057</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 407,057</u>	<u>\$ 407,057</u>	<u>\$ 459,826</u>	<u>\$ 52,769</u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE PUBLIC LIBRARY

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2015**

Valuation Date	(a) Value of Assets	(b) Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a percentage of Covered Payroll
June 30, 2015	\$ -	\$ 36,409	\$ 36,409	0.00%	\$ 587,352	6.2%
June 30, 2014	\$ -	\$ 41,098	\$ 41,098	0.00%	\$ 551,911	7.4%

OTHER REQUIRED REPORT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 13, 2015

The Board of Trustees
Voorheesville Public Library:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Voorheesville Public Library (the "Library") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated November 13, 2015

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

VOORHEESVILLE PUBLIC LIBRARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

___ yes X no

Noncompliance material to financial statements noted?

___ yes X no

REQUIRED COMMUNICATIONS

November 13, 2015

The Board of Trustees
Voorheesville Public Library
51 School Road
Voorheesville, New York 12186

Dear Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Voorheesville Public Library (the Library) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 2 to the financial statements. As described in Note 2 to the financial statements, the District adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans and GASB Statement No. 71, Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB. 68 relates to the application of the transition provision of GASB Statement 68 addressing amounts associated with contributions made by local governments to the defined benefit pension plan. . These new accounting pronouncements also led to a restatement of beginning net position described in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Library’s financial statements were:

Management’s estimate of the depreciable lives of property and equipment are based on judgments regarding the length of time an asset will provide value to the Library.

Management’s estimate of the other postemployment benefits is based on an actuarial calculation from a third party actuary.

Management's estimate of compensated absences is based upon accumulated vacation days, rates of pay, and estimates of retirement dates.

Management's estimates related to the net pension liability and deferred outflows of resources are based upon actuarial information from audited financial statements of the pensions.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of capital assets in Note 5 to the financial statements describes the historical cost of the buildings, furniture and equipment, and improvements. Note 5 also disclose the current year activity for these classifications.

The disclosure of other post-employment benefits in Note 8 to the financial statements describes the assumptions used and the components of the actuarial determined obligation.

The disclosure of pension information in Note 8 to the financial statements describes the estimates used in the calculation of the pension information.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated the date of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Voorheesville Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bonadio & Co., LLP

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