

WESTHAMPTON FREE LIBRARY

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION**

JUNE 30, 2015

WESTHAMPTON FREE LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Westhampton Free Library
7 Library Avenue
Westhampton Beach, New York 11978

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Westhampton Free 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matter

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 for the retiree health plan on pages 5 through 9 and 20 through 22 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.

Ballessari & Coster LLP

Certified Public Accountants
Stewart Manor, New York
August 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of three parts- *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first column of these financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	June 30, 2015	June 30, 2014	Increase (Decrease)
Current assets	\$ 4,947	\$ 4,734	\$ 213
Capital assets	7,601	7,802	(201)
Total Assets	<u>12,548</u>	<u>12,536</u>	<u>12</u>
Long-term debt	5,919	6,328	(409)
Other liabilities	100	35	65
Total Liabilities	<u>6,019</u>	<u>6,363</u>	<u>(344)</u>
Net Position:			
Net investment in capital assets	1,753	1,625	128
Unrestricted	4,776	4,548	228
Total Net Position	<u>\$ 6,529</u>	<u>\$ 6,173</u>	<u>\$ 356</u>
Revenue:			
Tax revenues	\$ 2,102	\$ 2,090	\$ 12
Contracts with other districts	698	641	57
Other revenue	139	138	1
Total Revenue	2,939	2,869	70
Expenses - Library services	<u>2,583</u>	<u>2,635</u>	<u>(52)</u>
Change in net position	356	234	122
Net position - beginning of year	<u>6,173</u>	<u>5,939</u>	<u>234</u>
Net Position- End Of Year	<u>\$ 6,529</u>	<u>\$ 6,173</u>	<u>\$ 356</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position increased by \$355,720 this year. This was partially due to receiving more for contracts with other districts and charitable donations than expected and partially due to the GASB 34 adjustments identified in Note 13.
- The Library's primary source of revenue is from property taxes, which represents 72 percent of total revenue. This revenue totaled \$2,102,275 for the year ending June 30, 2015. In the prior year tax revenues totaled \$2,089,684.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 55 percent of the Library's total expenses. These expenses totaled \$1,411,219 for the year ending June 30, 2015. In the prior year salaries and benefits totaled \$1,454,404.

The Library Funds:

Our analysis of the Library's major fund is included in the first column of pages 10 and 11 on the respective statements. The fund columns provide detailed information about the most significant funds – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently, the Library has only one major fund, the General Fund.

Budgetary Highlights:

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The Library had a favorable variance in the contracts with other districts budget line of \$143,196. The Library budgets this number conservatively since revenues can fluctuate depending upon the number of residents from neighboring un-served library districts who sign up with the Westhampton Free Library for service. These neighboring districts can choose from a number of neighboring libraries for service.
- More gift and donation income was received than had been anticipated due to the generosity of the Friends of the Library and several members of the community.
- The budget line for health insurance was underspent by \$25,182. This was because the Library budgets for the possibility that one of its staff who has waived health coverage, will elect to have it. During the fiscal year, none of the eligible employees opted for coverage.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Budgetary Highlights: (Continued)

- The budget line for pension was overspent because the Library made a catchup contribution for an employee who was in arrears. This had not been anticipated at the time of budget preparation.
- The budget line for programs - other was overspent by \$32,822. This was due to the fact that the Library did not want to include the cost of the Summer Concert Series, its Haunted Halloween, the Bring Your kid To Work Day or its Patron Appreciation Day programs in its operating budget. Rather, the Library intended that these costs be paid from its fund balance.
- The budget line for office and library supplies was overspent because of the purchase of RFID tags and presentation folders. Both of these items were purchased in bulk and are projected to last several years. In addition, some of the items that the Library had posted to the furniture and equipment budget line were reclassified to the office and library supplies budget line because they were under the capital limit of \$500.
- The printing and publicity budget line was overspent due to unanticipated price increases from the Library's vendors.
- The budget line for marketing and promotion was overspent because the Library intended for these to be paid from prior year surplus as opposed to the operating budget.
- The budget line for furniture and equipment was overspent by \$11,403. This was due to the fact that the Library did not want to include the cost of purchasing computer equipment and furniture in its operating budget. Rather, the Library intended that these costs be paid from its prior year fund balance.

Capital Assets:

During the fiscal year the Library purchased \$11,403 of fixed assets (capital outlay). The majority of the expenditures were for computer equipment and furniture.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Debt Administration:

Long term debt consisted of bonds payable and the debt that the Library had to its employees for unused sick and vacation time (compensated absences). During the fiscal year ending June 30, 2015, the Library made its annual principal payment on its bond payable in the amount of \$330,000. This reduced the bonds payable from \$6,177,820 at June 30, 2014 to \$5,847,820 at June 30, 2015. Interest, which is paid two times per year, totaled \$255,130. The liability for compensated absences at June 30, 2015 was \$71,233. This represents a decrease of \$78,469 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2015-2016 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$2,158,356. This represents a 2.69% increase over the 2014-2015 fiscal year budget.

**WESTHAMPTON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2015**

	<u>General Fund</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents:			
Checking	\$ 201,870	\$	\$ 201,870
Certificate of deposit	3,961,061		3,961,061
Cash on hand	1,000		1,000
Total cash and cash equivalents	<u>4,163,931</u>	<u>0</u>	<u>4,163,931</u>
Contract district receivable	698,196		698,196
Taxes receivable	68,314		68,314
Payments in lieu of taxes receivable	8,115		8,115
Prepaid expenses	7,334		7,334
Security deposit	1,500		1,500
Capital assets, net of depreciation		<u>7,600,730</u>	<u>7,600,730</u>
Total Assets	<u><u>\$ 4,947,390</u></u>	<u><u>\$ 7,600,730</u></u>	<u><u>\$ 12,548,120</u></u>
Liabilities:			
Accounts payable	\$ 65,933	\$	\$ 65,933
Accrued payroll and related items	24,576		24,576
Accrued interest payable		9,807	9,807
Non-current liabilities:			
Compensated absences		71,233	71,233
Bonds payable		<u>5,847,820</u>	<u>5,847,820</u>
Total Liabilities	<u>90,509</u>	<u>5,928,860</u>	<u>6,019,369</u>
Fund Balances/Net Position:			
Nonspendable (prepaid amounts)	7,334	(7,334)	
Assigned for specific purposes	3,400,765	(3,400,765)	
Unassigned	1,448,782	(1,448,782)	
Total Fund Balance	<u>4,856,881</u>	<u>(4,856,881)</u>	
Total Liabilities And Fund Balance	<u><u>\$ 4,947,390</u></u>		
Net Position:			
Net investment in capital assets		1,752,910	1,752,910
Unrestricted		<u>4,775,841</u>	<u>4,775,841</u>
Total Net Position		<u><u>\$ 6,528,751</u></u>	<u><u>\$ 6,528,751</u></u>

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

BALDESSARI & COSTER LLP

**WESTHAMPTON FREE LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Activities</u>
Revenues:			
Tax revenues	\$ 2,102,275	\$	\$ 2,102,275
Contracts with other districts	698,196		698,196
Payments in lieu of taxes	8,115		8,115
State aid and grants	4,593		4,593
Gifts and donations	92,616		92,616
Interest income	22,447		22,447
Copier income	6,354		6,354
Lost material reimbursement	2,679		2,679
Other income	1,445		1,445
Total Revenues	<u>2,938,720</u>	<u>0</u>	<u>2,938,720</u>
Expenditures/Expenses For Library services:			
Salaries and benefits	1,489,688	(78,469)	1,411,219
Library materials and programs	312,343		312,343
Library operations	224,152		224,152
Building operations	167,785		167,785
Capital outlay	11,403	(11,403)	
Depreciation		213,049	213,049
Debt service:			
Principal	330,000	(330,000)	
Interest	255,130	(678)	254,452
Total Expenditures/Expenses	<u>2,790,501</u>	<u>(207,501)</u>	<u>2,583,000</u>
Excess (Deficiency) Of Revenues Over Expenditures	148,219	207,501	
Change In Net Positon		355,720	355,720
Fund balance/net position - beginning of year	<u>4,708,662</u>	<u>1,464,369</u>	<u>6,173,031</u>
Fund Balance/Net Position - End Of Year	<u><u>\$ 4,856,881</u></u>	<u><u>\$ 1,671,870</u></u>	<u><u>\$ 6,528,751</u></u>

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

BALDESSARI & COSTER LLP

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Westhampton Free Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- A management's Discussion and Analysis section providing an analysis of the Library's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library's activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

A. **Reporting Entity:** The Westhampton Free Library is located in the Town of Southampton, New York and coordinates the raising of its real estate tax revenues with the Westhampton Beach Union Free School District. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management's control and disbursement of funds and maintenance of assets. The Library's management is solely responsible for day-to-day operations.

B. **Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-Wide Financial Statements: The Government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Management Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due.

The Library reports on the following fund:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

- C. Capital Assets:** Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Library books and materials are not capitalized. The land is not depreciated.

Depreciation on all assets (other than land) is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	5 years
Other equipment	5 to 10 years
Furniture and other equipment	10 to 20 years
Building	50 years
Building improvements	20 to 40 years

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: **Summary of Significant Accounting Policies (Continued)**

D. **Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

E. **Fund Balance Classifications:** The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a governmental entity must use for financial reporting purposes. They are as follows:

Nonspendable: This includes amounts that cannot be spent because they are either not in spendable form (i.e. inventories, prepaid expenses, etc.) or they are legally or contractually required to be maintained intact.

Restricted: This includes amounts with constraints placed on the use of resources. These constraints can be externally imposed by creditors, grantors, contributors, or imposed by laws and regulations.

Committed: This includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's Board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned: This includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. The Library Board is not required to impose or remove the constraint. Assignments of fund balance cannot be made if it would result in a negative unassigned fund balance.

Unassigned: This includes the residual classification for the Library's general fund. This classification represents fund balance that has not been assigned to other funds, assigned for specific purposes, restricted, or committed.

F. **Use of Restricted/Unrestricted Net Position:** When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first.

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2: Concentration of Credit Risk

The Library maintains its cash balances at one bank. At year end, the Library's carrying amount of deposits was \$4,162,931 (excludes petty cash) and the bank balance was \$4,165,642. Of the bank balance, \$454,582 was covered by federal depository insurance. The remaining balance of \$3,711,060 was covered by collateral held by the Library's agent.

NOTE 3: Cash and Cash Equivalents

The Library has defined cash and cash equivalents to include demand deposits, and short-term investments with a maturity of three months or less.

NOTE 4: Capital Assets

A summary of changes in general fixed assets is as follows:

	Balance as of 7/1/2014	Additions	Deletions	Balance as of 6/30/2015
Assets not being depreciated:				
Land	\$ 700,000	\$ 0	\$ 0	\$ 700,000
Assets being depreciated:				
Building and improvements	7,074,548	0	0	7,074,548
Computer equipment	141,348	10,118	0	151,466
Furniture and other equipment	634,094	1,285	0	635,379
Total	8,549,990	11,403	0	8,561,393
Accumulated depreciation	(747,614)	(213,049)	0	(960,663)
Net Book Value	\$ 7,802,376	\$ (201,646)	\$ 0	\$ 7,600,730

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2015

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2015 for unused sick and vacation pay amounting to \$71,233. Of the total liability, \$0 is expected to be paid within one year.

NOTE 7: Bonds Payable

In October 2007, the taxpayers approved a \$7,827,820 bond issue by the Suffolk County Development Agency in order to finance the construction of its new Library building. The bonds are payable until June 15, 2028 and have an interest rate that increases from 3.25% to 4.25% over their term.

As of June 30, 2015 the Library's liability for bonds payable is \$5,847,820. Future payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2016	\$ 350,000	\$ 238,630	\$ 588,630
2017	365,000	221,130	586,130
2018	385,000	202,880	587,880
2019	400,000	189,405	589,405
2020	410,000	174,905	584,905
2021 to 2025	2,315,000	623,054	2,938,054
2026 to 2028	<u>1,622,820</u>	<u>138,029</u>	<u>1,760,849</u>
Total	\$ <u>5,847,820</u>	\$ <u>1,788,033</u>	\$ <u>7,635,853</u>

NOTE 8: Long Term Debt

A summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

	<u>Balance 7/1/2014</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance 6/30/2015</u>	<u>Non-current liabilities Due within one year</u>	<u>Due after one year</u>
Compensated absences	\$ 149,702	\$ 0	\$ 78,469	\$ 71,233	\$ 0	\$ 71,233
Bonds payable	<u>6,177,820</u>	<u>0</u>	<u>330,000</u>	<u>5,847,820</u>	<u>350,000</u>	<u>5,497,820</u>
Total	\$ <u>6,327,522</u>	\$ <u>0</u>	\$ <u>408,469</u>	\$ <u>5,919,053</u>	\$ <u>350,000</u>	\$ <u>5,569,053</u>

BALDESSARI & COSTER LLP

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9: Retirement Plan

The Library maintains a 403(b) defined contribution retirement plan for its eligible employees. In order to qualify, employees must complete the required enrollment forms, be a minimum of 21 years of age, have completed three months of service and be regularly scheduled to work 35 or more hours per week. If an employee satisfies these requirements, the Library will contribute 5% of each participant's annual salary. The Plan also allows employees to make tax deferred contributions up to the maximum amount allowed by the Internal Revenue Code. The Library's retirement contribution for the year ending June 30, 2015 was \$60,217, for 2014 it was \$36,740 and for 2013 it was \$32,256.

NOTE 10: Funds Assigned For Specific Purposes

A summary of changes in assigned funds for the year ending June 30, 2015 are as follows:

	Balance as of 7/1/2014	Funds Assigned (Unassigned)	Funds Expended	Balance as of 6/30/2015
Funds Assigned For:				
Sick and Vacation payouts	\$ 23,270	\$	\$ (3,290)	\$ 19,980
Programs	17,469	24,344	(41,813)	0
Long-term maintenance	92,262		(6,844)	85,418
Technology	79,869		(5,986)	73,883
Marketing	173,675		(25,770)	147,905
Capital projects	3,073,579		0	3,073,579
 Total	 \$ 3,460,124	 \$ 24,344	 \$ (83,703)	 \$ 3,400,765

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11: Lease Commitment

The Library leases two copiers. For the fiscal year ending June 30, 2015 the Library made lease payments of approximately \$13,080. The future minimum lease commitment is detailed as follows:

<u>Year Ending June 30,</u>	<u>Lease Commitment</u>
2016	\$ 13,080
2017	8,730
2018	<u>0</u>
Total	<u><u>\$ 21,810</u></u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

Total Fund Balance - Modified Accrual Basis \$ 4,856,881

Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds. 7,600,730
- Interest expense on the bond liability is not accrued in the funds (9,807)
- Compensated absences are included as a liability. (71,233)
- Bonds payable in future periods are not reported in the funds (5,847,820)

Total Net Position - Full Accrual Basis \$ 6,528,751

Net Change in Fund Balance - Modified Accrual Basis \$ 148,219

Amounts reported in the statement of activities are different because:

- Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:
 - Capital outlay 11,403
 - Depreciation expense (213,049)
- (Increase)/decrease in the accrual for items reported as expenditures in the statements of activities, not in the fund statements:
 - Compensated absences 78,469
 - Interest on bonds payable 678
- Repayments of principal on bonds payable are not an expense in the statement of activities, rather a reduction of the liability 330,000

Change In Net Position - Full Accrual Basis \$ 355,720

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Revenues:				
Westhampton Beach UFSD	\$ 2,101,861	\$ 2,101,861	\$ 2,102,275	\$ 414
Operating Revenues:				
Contracts with other districts	555,000	555,000	698,196	143,196
Payments in lieu of taxes	8,250	8,250	8,115	(135)
State aid and grants	3,750	3,750	4,593	843
Gifts and donations	22,000	22,000	92,616	70,616
Interest income	15,000	15,000	22,447	7,447
Copier income	6,000	6,000	6,354	354
Lost material reimbursement	0	0	2,679	2,679
Other income	0	0	1,445	1,445
Total Operating Revenues	<u>610,000</u>	<u>610,000</u>	<u>836,445</u>	<u>226,445</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	0	0	0	0
Total Revenues	<u>\$ 2,711,861</u>	<u>\$ 2,711,861</u>	<u>\$ 2,938,720</u>	<u>\$ 226,859</u>

Expenditures:

Salaries and Benefits:

Salaries	\$ 1,159,008	\$ 1,159,008	\$ 1,169,949	\$ (10,941)
Health insurance	176,000	176,000	150,818	25,182
Social Security	88,664	88,664	86,137	2,527
Pension	43,341	43,341	60,217	(16,876)
Workers' compensation insurance	10,000	10,000	11,199	(1,199)
Unemployment insurance	8,000	8,000	10,049	(2,049)
Disability insurance	2,000	2,000	509	1,491
Employee Assistance Program	780	780	810	(30)
Total Salaries and Benefits	<u>\$ 1,487,793</u>	<u>\$ 1,487,793</u>	<u>\$ 1,489,688</u>	<u>\$ (1,895)</u>

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

BALDESSARI & COSTER LLP

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Library Materials and Programs:				
Books - print	\$ 88,000	\$ 88,000	\$ 81,338	\$ 6,662
Books - electronic format	35,000	35,000	31,158	3,842
Periodicals	13,000	13,000	10,609	2,391
Audio	23,000	23,000	19,102	3,898
Video	57,000	57,000	52,683	4,317
Programs - adult	21,600	21,600	21,005	595
Programs - children	47,200	47,200	50,516	(3,316)
Programs - teen	11,200	11,200	13,110	(1,910)
Programs - other	0	0	32,822	(32,822)
Total Library Materials and Programs	<u>296,000</u>	<u>296,000</u>	<u>312,343</u>	<u>(16,343)</u>
Library Operations:				
SCLS basic service fee	22,000	22,000	20,437	1,563
Office and library supplies	19,000	19,000	28,522	(9,522)
PALS - automation	16,000	16,000	14,349	1,651
Photocopier rental, repair and maintenance	17,000	17,000	17,116	(116)
Printing and publicity	27,500	27,500	39,620	(12,120)
Postage	10,750	10,750	9,920	830
Professional fees - audit and legal	15,500	15,500	16,600	(1,100)
Professional fees - payroll service	11,000	11,000	12,873	(1,873)
Professional fees - tech support	1,000	1,000	0	1,000
Professional fees - support and other	1,000	1,000	1,365	(365)
Software	4,000	4,000	6,066	(2,066)
Marketing and promotion	3,500	3,500	26,175	(22,675)
Telephone	5,000	5,000	4,796	204
Telecommunications	2,750	2,750	1,956	794
Conferences and travel	22,000	22,000	16,812	5,188
Professional memberships	3,000	3,000	2,306	694
Administration classes	1,000	1,000	2,309	(1,309)
Media licenses	250	250	253	(3)
Miscellaneous expense	2,000	2,000	2,677	(677)
Total Library Operations	<u>\$ 184,250</u>	<u>\$ 184,250</u>	<u>\$ 224,152</u>	<u>\$ (39,902)</u>

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

BALDESSARI & COSTER LLP

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Building Operations:				
Building repairs and maintenance	\$ 28,000	\$ 28,000	\$ 32,714	\$ (4,714)
Janatorial services	44,928	44,928	47,928	(3,000)
Landscaping	6,500	6,500	10,118	(3,618)
Electricity	36,000	36,000	39,095	(3,095)
Insurance	29,260	29,260	23,721	5,539
Gas/fuel	3,500	3,500	3,928	(428)
Water and sewer	2,000	2,000	1,385	615
Security	2,000	2,000	1,531	469
Garbage removal	1,750	1,750	2,395	(645)
Custodial supplies	4,750	4,750	4,970	(220)
Total Building Operations	<u>158,688</u>	<u>158,688</u>	<u>167,785</u>	<u>(9,097)</u>
Capital Outlay:				
Building improvements	0	0	0	0
Furniture and equipment	0	0	11,403	(11,403)
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>11,403</u>	<u>(11,403)</u>
Debt Service:				
Bond principal	330,000	330,000	330,000	0
Bond interest	255,130	255,130	255,130	0
Total Debt Service	<u>585,130</u>	<u>585,130</u>	<u>585,130</u>	<u>0</u>
Total Expenditures	<u>2,711,861</u>	<u>2,711,861</u>	<u>2,790,501</u>	<u>(78,640)</u>
Excess Of Revenues Over Expenditures	0	0	148,219	148,219
Budgetary fund balance - beginning of year	<u>4,708,662</u>	<u>4,708,662</u>	<u>4,708,662</u>	<u>4,708,662</u>
Budgetary Fund Balance - End Of Year	<u>\$ 4,708,662</u>	<u>\$ 4,708,662</u>	<u>\$ 4,856,881</u>	<u>\$ 4,856,881</u>

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

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