

**WESTHAMPTON FREE LIBRARY**

**FINANCIAL REPORT  
WITH ADDITIONAL INFORMATION**

**JUNE 30, 2016**

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, 2016, 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. 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 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 Westhampton Free Library, as of June 30, 2016, 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 Matters**

*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 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.



Certified Public Accountants  
Stewart Manor, New York  
October 27, 2016

## 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:

	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>Increase</u> <u>(Decrease)</u>
<b>Assets:</b>			
Current assets	\$ 4,890	\$ 4,947	\$ (57)
Capital assets	<u>7,412</u>	<u>7,601</u>	<u>(189)</u>
Total Assets	<u>12,302</u>	<u>12,548</u>	<u>(246)</u>
<b>Liabilities:</b>			
Long-term debt	5,592	5,919	(327)
Other liabilities	<u>133</u>	<u>100</u>	<u>33</u>
Total Liabilities	<u>5,725</u>	<u>6,019</u>	<u>(294)</u>
<b>Net Position:</b>			
Net investment in capital assets	1,914	1,753	161
Unrestricted	<u>4,663</u>	<u>4,776</u>	<u>(113)</u>
Total Net Position	<u>\$ 6,577</u>	<u>\$ 6,529</u>	<u>\$ 48</u>
<b>Revenue:</b>			
Tax revenues	\$ 2,158	\$ 2,102	\$ 56
Contracts with other districts	684	698	(14)
Other revenue	<u>118</u>	<u>139</u>	<u>(21)</u>
Total Revenue	2,960	2,939	21
Expenses - Library services	<u>2,912</u>	<u>2,583</u>	<u>329</u>
Change in net position	48	356	(308)
Net position - beginning of year	<u>6,529</u>	<u>6,173</u>	<u>356</u>
Net Position- End Of Year	<u>\$ 6,577</u>	<u>\$ 6,529</u>	<u>\$ 48</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**The Library As A Whole**

- The Library's net position increased by \$48,679 this year. This was primarily the net result of the GASB 34 adjustments (see note 12) such as the capitalization of capital outlay and the reclassification of the principal portion of the bonds payable from the income statement to the balance sheet. Both of these items are currently expensed under the fund method of accounting but are either capitalized or reduce debt under the GASB 34 reporting model.
- The Library's primary source of revenue is from property taxes, which represents 73 percent of total revenue. This revenue totaled \$2,158,356 for the year ending June 30, 2016. In the prior year, tax revenues totaled \$2,102,275 and represented 72 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 54 percent of the Library's total expenses. These expenses totaled \$1,585,393 for the year ending June 30, 2016. In the prior year, salaries and benefits totaled \$1,411,219 and represented 55 percent of total expenses.

**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.

The fund balance of the General Fund decreased during the year from \$4,856,881 to \$4,766,371. Statements detailing the revenues and expenditures for this fund are included in this report.

**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 \$83,118. 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

### Budgetary Highlights: (Continued)

- 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 lines for books – electronic format, as well as the audio and video budget lines were all underspent due to savings realized by coordinated orders and a reduction of items purchased as standing orders.
- The budget line for programs - other was overspent by \$8,105. This was due to the fact that the Library did not want to include the cost of some trips and programs in its operating budget and increase its request for tax revenues. Rather, the Library intended that these costs be paid from its fund balance.
- The budget line for office and library supplies was overspent because some of the items that the Library had budgeted to be paid from the capital outlay budget section were reclassified to the office and library supplies budget line. For financial statement presentation, items costing less than the \$500 capitalization limit are required to be reflected as an operating expense.
- The budget line for PALS – automation was underspent by \$5,749 because the Library anticipated higher charges for quarterly maintenance, which did not materialize.
- The budget line for professional fees – audit and legal was overspent by \$195,904. This was due to the unanticipated increase in legal services that were required. Services were related to the unionization of library staff, as well as dealing NLRB charges and litigation.
- The budget line for building repairs and maintenance was overspent by \$11,701 due to unexpected repairs that were required to be made to the building.
- The budget line for electricity was underspent by \$10,654. This was due to rate increases not being as high as originally anticipated.
- The capital outlay budget section was overspent by \$14,770. 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.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Capital Assets:**

During the fiscal year the Library purchased \$19,770 of fixed assets (capital outlay). The majority of the expenditures were for computer equipment, fire alarm upgrades and new CO detectors.

**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, 2016, the Library made its annual principal payment on its bond payable in the amount of \$350,000. This reduced the bonds payable from \$5,847,820 at June 30, 2015 to \$5,497,820 at June 30, 2016. Interest, which is paid two times per year, totaled \$238,630. The liability for compensated absences at June 30, 2016 was \$93,550. This represents an increase of \$22,317 from the previous year.

**Currently Known Conditions:**

The Library budget vote for the 2016-2017 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$2,181,398. This represents a 1.07% increase over the 2015-2016 fiscal year budget.

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2016**

	<b>General Fund</b>	<b>Adjustments (Note 12)</b>	<b>Statement of Net Position</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,118,673	\$	\$ 4,118,673
Contract district receivable	684,118		684,118
Taxes receivable	70,274		70,274
Payments in lieu of taxes receivable	8,677		8,677
Other receivables	158		158
Prepaid expenses	8,165		8,165
Security deposit	500		500
Capital assets, net of depreciation		7,411,517	7,411,517
<b>Total Assets</b>	<b>\$ 4,890,565</b>	<b>\$ 7,411,517</b>	<b>\$ 12,302,082</b>
<b>Liabilities:</b>			
Accounts payable	\$ 89,829	\$	\$ 89,829
Accrued payroll and related items	34,365		34,365
Accrued interest payable		9,088	9,088
Non-current liabilities:			
Compensated absences		93,550	93,550
Bonds payable		5,497,820	5,497,820
<b>Total Liabilities</b>	<b>124,194</b>	<b>5,600,458</b>	<b>5,724,652</b>
<b>Fund Balances/Net Position:</b>			
Nonspendable (prepaid amounts)	8,165	(8,165)	
Committed for specific purposes	4,026,199	(4,026,199)	
Unassigned	732,007	(732,007)	
<b>Total Fund Balance</b>	<b>4,766,371</b>	<b>(4,766,371)</b>	
<b>Total Liabilities And Fund Balance</b>	<b>\$ 4,890,565</b>		
<b>Net Position:</b>			
Net investment in capital assets		1,913,697	1,913,697
Unrestricted		4,663,733	4,663,733
<b>Total Net Position</b>		<b>\$ 6,577,430</b>	<b>\$ 6,577,430</b>

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

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**WESTHAMPTON FREE LIBRARY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL  
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Tax revenues	\$ 2,158,356	\$	\$ 2,158,356
Contracts with other districts	684,118		684,118
Payments in lieu of taxes	8,677		8,677
State aid and grants	4,685		4,685
Gifts and donations	72,824		72,824
Interest income	16,739		16,739
Copier income	6,343		6,343
Lost material reimbursement	4,297		4,297
Other income	4,502		4,502
	<u>2,960,541</u>	<u>0</u>	<u>2,960,541</u>
<b>Total Revenues</b>			
<b>Expenditures/Expenses For Library services:</b>			
Salaries and benefits	1,563,076	22,317	1,585,393
Library materials and programs	301,299		301,299
Library operations	409,423		409,423
Building operations	168,853		168,853
Capital outlay	19,770	(19,770)	
Depreciation		208,983	208,983
Debt service:			
Principal	350,000	(350,000)	
Interest	238,630	(719)	237,911
	<u>3,051,051</u>	<u>(139,189)</u>	<u>2,911,862</u>
<b>Total Expenditures/Expenses</b>			
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	(90,510)	139,189	
<b>Change In Net Positon</b>		48,679	48,679
Fund balance/net position - beginning of year	<u>4,856,881</u>	<u>1,671,870</u>	<u>6,528,751</u>
<b>Fund Balance/Net Position - End Of Year</b>	<u>\$ 4,766,371</u>	<u>\$ 1,811,059</u>	<u>\$ 6,577,430</u>

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

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**WESTHAMPTON FREE LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016

**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, 2016

**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. Order of Use of Restricted/Unrestricted Net Position and Fund Balance:** 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. Expenditures incurred from unrestricted resources are applied to committed fund balance as determined by the Board, then to assigned fund balance, and then to the unassigned fund balance.

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**G. Investments:** The Library's investment policies are governed by State statutes and its own written investment policy. Permissible investments for the Library include special time deposit accounts, certificates of deposit, obligations of the United States of America and the State of New York, as well as most investments permitted by General Municipal Law.

**NOTE 2: Concentration of Credit Risk**

The Library maintains its cash balances at two banks. At year end, the Library's carrying amount of deposits was \$4,117,673 (excludes petty cash) and the bank balance was \$4,136,552. Of the bank balance, \$700,216 was covered by federal depository insurance. The remaining balance of \$3,436,336 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:

	<b>Balance as of <u>7/1/2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance as of <u>6/30/2016</u></b>
<b>Assets not being depreciated:</b>				
Land	\$ 700,000	\$ 0	\$ 0	\$ 700,000
<b>Assets being depreciated:</b>				
Building and improvements	7,074,548	1,825	0	7,076,373
Computer equipment	151,466	17,945	0	169,411
Furniture and other equipment	<u>635,379</u>	<u>0</u>	<u>0</u>	<u>635,379</u>
Total	8,561,393	19,770	0	8,581,163
Accumulated depreciation	<u>(960,663)</u>	<u>(208,983)</u>	<u>0</u>	<u>(1,169,646)</u>
Net Book Value	<u>\$ 7,600,730</u>	<u>\$ (189,213)</u>	<u>\$ 0</u>	<u>\$ 7,411,517</u>

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**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5:      Accounts Payable**

Accounts payable consisted of unpaid invoices at June 30, 2016.

**NOTE 6:      Compensated Absences Payable**

The Library has an accumulated liability as of June 30, 2016 for unused sick and vacation pay amounting to \$93,550. 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, 2016 the Library's liability for bonds payable is \$5,497,820. Future payments are as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Principal Payments</u></b>	<b><u>Interest Payments</u></b>	<b><u>Total Payments</u></b>
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	430,000	159,735	589,735
2022 to 2026	2,405,000	531,099	2,936,099
2027 to 2028	<u>1,102,820</u>	<u>70,250</u>	<u>1,173,070</u>
Total	<u>\$ 5,497,820</u>	<u>\$ 1,549,404</u>	<u>\$ 7,047,224</u>



**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8: Long Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2016 is as follows:

	<b>Balance</b>			<b>Non-current liabilities</b>		
	<b>7/1/2015</b>	<b>Increases</b>	<b>Reductions</b>	<b>6/30/2016</b>	<b>Due within one year</b>	<b>Due after one year</b>
Compensated absences	\$ 71,233	\$ 22,317	\$ 0	\$ 93,550	\$ 0	\$ 93,550
Bonds payable	5,847,820	0	350,000	5,497,820	365,000	5,132,820
<b>Total</b>	<b>\$ 5,919,053</b>	<b>\$ 22,317</b>	<b>\$ 350,000</b>	<b>\$ 5,591,370</b>	<b>\$ 365,000</b>	<b>\$ 5,226,370</b>

**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, 2016 was \$41,702, for 2015 it was \$60,217 and for 2014 it was \$36,740.

**NOTE 10: Lease Commitment**

The Library leases two copiers. For the fiscal year ending June 30, 2016 the Library made lease payments of approximately \$13,080. The future minimum lease commitment is detailed as follows:

<b>Year Ending June 30,</b>	<b>Lease Commitment</b>
2017	\$ 8,730
2018	0
<b>Total</b>	<b>\$ 8,730</b>

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11: Funds Committed For Specific Purposes**

A summary of changes in assigned funds for the year ending June 30, 2016 are as follows:

	<b>Balance as of 7/1/2015</b>	<b>Funds Committed (Uncommitted)</b>	<b>Funds Expensed</b>	<b>Balance as of 6/30/2016</b>
<b>Funds Committed For:</b>				
Sick and Vacation payouts	\$ 19,980	\$ 75,000	\$ (31,989)	\$ 62,991
Programs	0	10,000	(8,261)	1,739
Long-term maintenance	85,418	0	(4,564)	80,854
Technology	73,883	0	0	73,883
Marketing	147,905	0	0	147,905
Budget stabilization	0	450,000	0	450,000
Legal	0	150,000	0	150,000
Building expansion	0	1,300,000	0	1,300,000
Land acquisition (parking)	0	1,000,000	0	1,000,000
Computers	0	50,000	(14,752)	35,248
HVAC replacement	0	100,000	0	100,000
Interior space redesign	0	623,579	0	623,579
Capital projects	<u>3,073,579</u>	<u>(3,073,579)</u>	<u>0</u>	<u>0</u>
 Total	 <u>\$ 3,400,765</u>	 <u>\$ 685,000</u>	 <u>\$ (59,566)</u>	 <u>\$ 4,026,199</u>

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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** \$ 4,766,371

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

- Capital assets are not financial resources, and are not reported in the funds. 7,411,517
- Interest expense on the bond liability is not accrued in the funds (9,088)
- Compensated absences are included as a liability. (93,550)
- Bonds payable in future periods are not reported in the funds (5,497,820)

**Total Net Position - Full Accrual Basis** \$ 6,577,430

**Net Change in Fund Balance - Modified Accrual Basis** \$ (90,510)

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 19,770
  - Depreciation expense (208,983)
- (Increase)/decrease in the accrual for items reported as expenditures in the statements of activities, not in the fund statements:
  - Compensated absences (22,317)
  - Interest on bonds payable 719
- Repayments of principal on bonds payable are not an expense in the statement of activities, rather a reduction of the liability 350,000

**Change In Net Position - Full Accrual Basis** \$ 48,679

**WESTHAMPTON FREE LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Tax Revenues:</b>				
Westhampton Beach UFSD	\$ 2,158,356	\$ 2,158,356	\$ 2,158,356	\$ 0
<b>Operating Revenues:</b>				
Contracts with other districts	601,000	601,000	684,118	83,118
Payments in lieu of taxes	8,250	8,250	8,677	427
State aid and grants	3,750	3,750	4,685	935
Gifts and donations	25,000	25,000	72,824	47,824
Interest income	20,000	20,000	16,739	(3,261)
Copier income	6,000	6,000	6,343	343
Lost material reimbursement	0	0	4,297	4,297
Refund of prior year expense	0	0	2,044	2,044
Other income	0	0	2,458	2,458
<b>Total Operating Revenues</b>	<u>664,000</u>	<u>664,000</u>	<u>802,185</u>	<u>138,185</u>
<b>Non-Operating Revenue:</b>				
Transfer from unappropriated fund balance	17,000	17,000	0	(17,000)
<b>Total Revenues</b>	<u>\$ 2,839,356</u>	<u>\$ 2,839,356</u>	<u>\$ 2,960,541</u>	<u>\$ 121,185</u>
<b>Expenditures:</b>				
<b>Salaries and Benefits:</b>				
Salaries	\$ 1,212,744	\$ 1,212,744	\$ 1,246,396	\$ (33,652)
Health insurance	170,000	170,000	162,737	7,263
Social Security	92,775	92,775	91,777	998
Pension	42,293	42,293	41,702	591
Workers' compensation insurance	8,000	8,000	9,769	(1,769)
Unemployment insurance	8,000	8,000	8,283	(283)
Disability insurance	2,000	2,000	1,582	418
Employee Assistance Program	1,500	1,500	830	670
<b>Total Salaries and Benefits</b>	<u>\$ 1,537,312</u>	<u>\$ 1,537,312</u>	<u>\$ 1,563,076</u>	<u>\$ (25,764)</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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (Continued)</b>				
<b>Library Materials and Programs:</b>				
Books - print	\$ 80,000	\$ 80,000	\$ 74,186	\$ 5,814
Books - electronic format	43,500	43,500	35,905	7,595
Periodicals	13,000	13,000	11,055	1,945
Audio	23,000	23,000	17,663	5,337
Video	57,000	57,000	47,185	9,815
Programs - adult (net of cash receipts of \$47,767)	31,600	31,600	33,979	(2,379)
Programs - children	52,700	52,700	52,771	(71)
Programs - teen	17,200	17,200	12,450	4,750
Programs - other	8,000	8,000	16,105	(8,105)
<b>Total Library Materials and Programs</b>	<u>326,000</u>	<u>326,000</u>	<u>301,299</u>	<u>24,701</u>
<b>Library Operations:</b>				
SCLS basic service fee	22,500	22,500	18,920	3,580
Office and library supplies	21,500	21,500	27,666	(6,166)
PALS - automation	20,000	20,000	14,251	5,749
Photocopier rental, repair and maintenance	17,000	17,000	17,371	(371)
Printing and publicity	22,000	22,000	26,726	(4,726)
Postage	10,750	10,750	10,277	473
Professional fees - audit, legal and bond	15,500	15,500	211,404	(195,904)
Professional fees - payroll service	12,000	12,000	13,231	(1,231)
Professional fees - tech support	1,000	1,000	0	1,000
Professional fees - support and other	1,000	1,000	835	165
Software	5,000	5,000	7,931	(2,931)
Marketing and promotion	27,000	27,000	26,584	416
Telephone	5,000	5,000	4,870	130
Telecommunications	2,750	2,750	2,379	371
Conferences and travel	22,000	22,000	19,507	2,493
Professional memberships	3,000	3,000	3,712	(712)
Administration classes	1,500	1,500	1,217	283
Media licenses	250	250	53	197
Miscellaneous expense	3,000	3,000	2,489	511
<b>Total Library Operations</b>	<u>\$ 212,750</u>	<u>\$ 212,750</u>	<u>\$ 409,423</u>	<u>\$ (196,673)</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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (Continued)</b>				
<b>Building Operations:</b>				
Building repairs and maintenance	\$ 30,000	\$ 30,000	\$ 41,701	\$ (11,701)
Janitorial services	48,914	48,914	50,431	(1,517)
Landscaping	6,500	6,500	6,323	177
Electricity	39,000	39,000	28,346	10,654
Insurance	30,000	30,000	28,545	1,455
Gas/fuel	4,000	4,000	3,035	965
Water and sewer	2,250	2,250	1,005	1,245
Security	2,000	2,000	1,700	300
Garbage removal	2,250	2,250	1,860	390
Custodial supplies	4,750	4,750	5,907	(1,157)
<b>Total Building Operations</b>	<u>169,664</u>	<u>169,664</u>	<u>168,853</u>	<u>811</u>
<b>Capital Outlay:</b>				
Building improvements	0	0	1,825	(1,825)
Furniture and equipment	5,000	5,000	17,945	(12,945)
<b>Total Capital Outlay</b>	<u>5,000</u>	<u>5,000</u>	<u>19,770</u>	<u>(14,770)</u>
<b>Debt Service:</b>				
Bond principal	350,000	350,000	350,000	0
Bond interest	238,630	238,630	238,630	0
<b>Total Debt Service</b>	<u>588,630</u>	<u>588,630</u>	<u>588,630</u>	<u>0</u>
<b>Total Expenditures</b>	<u>2,839,356</u>	<u>2,839,356</u>	<u>3,051,051</u>	<u>(211,695)</u>
<b>Excess Of Expenditures Over Revenues</b>	0	0	(90,510)	(90,510)
Budgetary fund balance - beginning of year	<u>4,856,881</u>	<u>4,856,881</u>	<u>4,856,881</u>	<u>4,856,881</u>
<b>Budgetary Fund Balance - End Of Year</b>	<u>\$ 4,856,881</u>	<u>\$ 4,856,881</u>	<u>\$ 4,766,371</u>	<u>\$ 4,766,371</u>

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

BALDESSARI & COSTER LLP