

WESTHAMPTON FREE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2018

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, 2018, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, 2018, 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.

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 8, 2018

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>2018</u>	<u>June 30,</u> <u>2017</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 3,932	\$ 5,067	\$ (1,135)
Capital assets	<u>7,238</u>	<u>7,271</u>	<u>(33)</u>
Total Assets	<u>11,170</u>	<u>12,338</u>	<u>(1,168)</u>
Liabilities:			
Long-term debt	3,799	5,233	(1,434)
Other liabilities	<u>151</u>	<u>135</u>	<u>16</u>
Total Liabilities	<u>3,950</u>	<u>5,368</u>	<u>(1,418)</u>
Net Position:			
Net investment in capital assets	3,593	2,138	1,455
Unrestricted	<u>3,627</u>	<u>4,832</u>	<u>(1,205)</u>
Total Net Position	<u>\$ 7,220</u>	<u>\$ 6,970</u>	<u>\$ 250</u>
Revenue:			
Tax revenues	\$ 2,241	\$ 2,181	\$ 60
Contracts with other districts	810	789	21
Other revenue	<u>144</u>	<u>191</u>	<u>(47)</u>
Total Revenue	3,195	3,161	34
Expenses - Library services	<u>2,945</u>	<u>2,768</u>	<u>177</u>
Change in net position	250	393	(143)
Net position - beginning of year	<u>6,970</u>	<u>6,577</u>	<u>393</u>
Net Position- End Of Year	<u>\$ 7,220</u>	<u>\$ 6,970</u>	<u>\$ 250</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position increased by \$250,134 this year. This was primarily due to receiving more contract revenue than expected combined with 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 70 percent of total revenue. This revenue totaled \$2,240,757 for the year ending June 30, 2018. In the prior year, tax revenues totaled \$2,181,398 and represented 69 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 59 percent of the Library's total expenses. These expenses totaled \$1,726,045 for the year ending June 30, 2018. In the prior year, salaries and benefits totaled \$1,537,369 and represented 56 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 \$4,939,830 to \$3,787,698. 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 \$114,789. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for health insurance was underspent by \$35,940. This was due to the fact that 1) two employees with coverage (one with individual and the other with family) went to part-time, and 2) the Library budgeted 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.
- The budget lines for books-print and books-electronic format were both underspent. The Library attributes these variances to the fact that there were many items that were ordered prior to year-end, but not filled until after year-end because of publishing and shipping constraints.
- The budget lines for adult programs as well as other programs were both overspent. This was done to keep up with the public's demand for quality programming. This was partially offset by the favorable variance in adult program income. The budget line for children's programs was underspent due to shifting programming from outside contractors to Library personnel.
- The budget line for marketing and promotion was overspent due to marketing additional programs for the community.
- The budget line for administration classes was overspent because the Library needed to train staff to be compliant with changing rules and regulations as well as for their job duties.
- The budget line for building repairs and maintenance was overspent by \$10,381. In addition to paying for routine maintenance, numerous unexpected repairs were required. These included repairs to the elevator, HVAC system, gutters and automatic doors.
- The budget line for electricity had a favorable variance of \$5,082. The Library attributes this to its energy efficient solar panels and the LEED characteristics of the building.
- The capital outlay budget section was overspent by \$163,853. This was due to the fact that the Library did not want to include the cost of the attic reconstruction, and other building improvements in its operating budget. Rather, the Library intended that these costs be paid from its prior year fund balance.
- The debt service budget section was overspent by \$1,103,335. This was due to an additional principal payment made on the bonds payable. This shortened the repayment period on the bonds payable and will reduce future interest costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Capital Assets:

During the fiscal year the Library purchased \$170,353 of fixed assets (capital outlay). The expenditures were for a variety of items such as the attic reconstruction, computer equipment, furniture and a shredder. The Library also discarded obsolete equipment with the original cost of \$1,550.

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, 2018, the Library made its annual principal payment and elected to make an additional principal payment. This reduced the bonds payable from \$5,132,820 at June 30, 2017 to \$3,645,000 at June 30, 2018. Interest, which is paid two times per year, totaled \$203,395. The liability for compensated absences at June 30, 2018 was \$154,509. This represents an increase of \$54,760 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2018-2019 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$2,258,392. This represents a 0.79% increase over the 2017-2018 fiscal year budget.

**WESTHAMPTON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2018**

	General Fund	Adjustments (Note 12)	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 3,103,220	\$	\$ 3,103,220
Contract district receivable	809,789		809,789
Payments in lieu of taxes receivable	8,663		8,663
Prepaid expenses	9,501		9,501
Other assets	1,500		1,500
Capital assets, net of depreciation		7,238,016	7,238,016
Total Assets	\$ 3,932,673	\$ 7,238,016	\$ 11,170,689
Liabilities:			
Accounts payable	\$ 99,568	\$	\$ 99,568
Accrued payroll and related items	45,407		45,407
Accrued interest payable		5,880	5,880
Non-current liabilities:			
Compensated absences		154,509	154,509
Bonds payable		3,645,000	3,645,000
Total Liabilities	144,975	3,805,389	3,950,364
Fund Balances/Net Position:			
Nonspendable (prepaid amounts)	9,501	(9,501)	
Committed for specific purposes	2,365,736	(2,365,736)	
Unassigned	1,412,461	(1,412,461)	
Total Fund Balance	3,787,698	(3,787,698)	
Total Liabilities And Fund Balance	\$ 3,932,673		
Net Position:			
Net investment in capital assets		3,593,016	3,593,016
Unrestricted		3,627,309	3,627,309
Total Net Position		\$ 7,220,325	\$ 7,220,325

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

**WESTHAMPTON FREE LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Activities</u>
Revenues:			
Tax revenues	\$ 2,240,757	\$	\$ 2,240,757
Contracts with other districts	809,789		809,789
Payments in lieu of taxes	8,663		8,663
State aid and grants	5,759		5,759
Gifts and donations	48,997		48,997
Interest income	13,109		13,109
Copier income	7,125		7,125
Adult program income	56,354		56,354
Lost material reimbursement	1,074		1,074
Other income	3,336		3,336
	<u>3,194,963</u>	<u>0</u>	<u>3,194,963</u>
Total Revenues			
Expenditures/Expenses For Library services:			
Salaries and benefits	1,671,285	54,760	1,726,045
Library materials and programs	364,652		364,652
Library operations	264,033		264,033
Building operations	185,557		185,557
Capital outlay	170,353	(170,353)	
Depreciation		203,605	203,605
Debt service:			
Principal	1,487,820	(1,487,820)	
Interest	203,395	(2,458)	200,937
	<u>4,347,095</u>	<u>(1,402,266)</u>	<u>2,944,829</u>
Total Expenditures/Expenses			
Excess (Deficiency) Of Revenues Over Expenditures	(1,152,132)	1,402,266	
Change In Net Positon		250,134	250,134
Fund balance/net position - beginning of year	<u>4,939,830</u>	<u>2,030,361</u>	<u>6,970,191</u>
Fund Balance/Net Position - End Of Year	<u>\$ 3,787,698</u>	<u>\$ 3,432,627</u>	<u>\$ 7,220,325</u>

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

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018

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, 2018**

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 \$3,102,220 (excludes petty cash) and the bank balance was \$3,107,680. Of the bank balance, \$671,832 was covered by federal depository insurance. The remaining balance of \$2,435,848 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 7/1/2017	Additions	Deletions	Balance as of 6/30/2018
Assets not being depreciated:				
Land	\$ 700,000	\$ 0	\$ 0	\$ 700,000
Construction in progress	34,784	162,007	0	196,791
Assets being depreciated:				
Building and improvements	7,084,941	0	0	7,084,941
Computer equipment	182,065	962	(1,550)	181,477
Furniture and other equipment	638,003	7,384	0	645,387
Total	8,639,793	170,353	(1,550)	8,808,596
Accumulated depreciation	<u>(1,368,525)</u>	<u>(203,605)</u>	<u>1,550</u>	<u>(1,570,580)</u>
Net Book Value	<u>\$ 7,271,268</u>	<u>\$ (33,252)</u>	<u>\$ 0</u>	<u>\$ 7,238,016</u>

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2018.

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2018 for unused sick and vacation pay amounting to \$154,509. 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.

In June 2018, the Library elected to call the bonds that were scheduled to mature in 2027 and 2028. As a result, the remaining bonds payable are scheduled to mature in June 2016 and they have interest rates that increase from 3.625% to 4.125% over their term.

As of June 30, 2018 the Library's liability for bonds payable is \$3,645,000. Future payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2019	\$ 400,000	\$ 143,075	\$ 543,075
2020	410,000	128,575	538,575
2021	430,000	113,405	543,405
2022	445,000	96,850	541,850
2023	460,000	79,050	539,050
2024 to 2026	<u>1,500,000</u>	<u>123,550</u>	<u>1,623,550</u>
Total	<u>\$ 3,645,000</u>	<u>\$ 684,505</u>	<u>\$ 4,329,505</u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: Long Term Debt

A summary of changes in long-term debt for the year ended June 30, 2018 is as follows:

	Balance			Non-current liabilities		
	7/1/2017	Increases	Reductions	6/30/2018	Due within one year	Due after one year
Compensated absences	\$ 99,749	\$ 54,760	\$ 0	\$ 154,509	\$ 0	\$ 154,509
Bonds payable	5,132,820	0	1,487,820	3,645,000	400,000	3,245,000
Total	\$ 5,232,569	\$ 54,760	\$ 1,487,820	\$ 3,799,509	\$ 400,000	\$ 3,399,509

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, 2018 was \$44,807, for 2017 it was \$40,422 and for 2016 it was \$41,702.

NOTE 10: Lease Commitment

In January 2017, the Library entered into a lease agreement for three copiers. The agreement requires 60 monthly payments of \$799. For the fiscal year ending June 30, 2018 the Library made lease payments of approximately \$9,588. The future minimum lease commitment is detailed as follows:

Year Ending June 30,	Lease Commitment
2019	\$ 9,588
2020	9,588
2021	9,588
2022	5,593
2023	0
Total	\$ 34,357

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11: Funds Committed For Specific Purposes

A summary of changes in assigned funds for the year ending June 30, 2018 are as follows:

	Balance as of 7/1/2017	Funds Committed (Uncommitted)	Funds Expensed	Balance as of 6/30/2018
Funds Committed For:				
Sick and Vacation payouts	\$ 62,991	\$ 64,009	\$ 0	\$ 127,000
Programs	0	40,000	0	40,000
Professional development	0	43,000	(1,878)	41,122
Long-term maintenance	69,703	137,911	0	207,614
Technology	73,883	(73,883)	0	0
Marketing	147,905	(147,905)	0	0
Budget stabilization	450,000	(300,000)	0	150,000
Legal	140,220	(140,220)	0	0
Computers	35,248	(35,248)	0	0
HVAC replacement	100,000	0	0	100,000
Interior space redesign	623,579	(623,579)	0	0
Bond debt repayment	1,000,000	103,335	(1,103,335)	0
Building completion (attic)	1,265,216	596,791	(162,007)	1,700,000
	<u>\$ 3,968,745</u>	<u>\$ (335,789)</u>	<u>\$ (1,267,220)</u>	<u>\$ 2,365,736</u>
Total	<u>\$ 3,968,745</u>	<u>\$ (335,789)</u>	<u>\$ (1,267,220)</u>	<u>\$ 2,365,736</u>

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 \$ 3,787,698

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

- Capital assets are not financial resources, and are not reported in the funds. 7,238,016
- Interest expense on the bond liability is not accrued in the funds (5,880)
- Compensated absences are included as a liability. (154,509)
- Bonds payable in future periods are not reported in the funds (3,645,000)

Total Net Position - Full Accrual Basis \$ 7,220,325

Net Change in Fund Balance - Modified Accrual Basis \$ (1,152,132)

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 170,353
 - Depreciation expense (203,605)
- (Increase)/decrease in the accrual for items reported as expenditures in the statements of activities, not in the fund statements:
 - Compensated absences (54,760)
 - Interest on bonds payable 2,458
- Repayments of principal on bonds payable are not an expense in the statement of activities, rather a reduction of the liability 1,487,820

Change In Net Position - Full Accrual Basis \$ 250,134

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Revenues:				
Westhampton Beach UFSD	\$ 2,240,757	\$ 2,240,757	\$ 2,240,757	\$ 0
Operating Revenues:				
Contracts with other districts	695,000	695,000	809,789	114,789
Payments in lieu of taxes	8,115	8,115	8,663	548
State aid and grants	2,700	2,700	5,759	3,059
Gifts and donations	23,000	23,000	48,997	25,997
Interest income	9,500	9,500	13,109	3,609
Copier income	6,500	6,500	7,125	625
Adult program income	52,000	52,000	56,354	4,354
Lost material reimbursement	5,000	5,000	1,074	(3,926)
Fine income	0	0	451	451
Other income	0	0	2,885	2,885
Total Operating Revenues	<u>801,815</u>	<u>801,815</u>	<u>954,206</u>	<u>152,391</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>(15,000)</u>
Total Revenues	<u>\$ 3,057,572</u>	<u>\$ 3,057,572</u>	<u>\$ 3,194,963</u>	<u>\$ 137,391</u>
Expenditures:				
Salaries and Benefits:				
Salaries	\$ 1,303,350	\$ 1,303,350	\$ 1,331,289	\$ (27,939)
Health insurance	218,000	218,000	182,060	35,940
Social Security	99,706	99,706	96,932	2,774
Pension	46,211	46,211	44,807	1,404
Workers' compensation insurance	12,000	12,000	10,357	1,643
Unemployment insurance	6,000	6,000	4,971	1,029
Disability insurance	1,500	1,500	19	1,481
Employee Assistance Program	900	900	850	50
Total Salaries and Benefits	<u>\$ 1,687,667</u>	<u>\$ 1,687,667</u>	<u>\$ 1,671,285</u>	<u>\$ 16,382</u>

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

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 75,000	\$ 75,000	\$ 66,044	\$ 8,956
Books - electronic format	59,500	59,500	49,527	9,973
Periodicals	10,000	10,000	9,678	322
Audio	17,500	17,500	13,015	4,485
Video	46,000	46,000	44,598	1,402
Programs - adult	80,000	80,000	96,794	(16,794)
Programs - children	51,000	51,000	43,476	7,524
Programs - teen	10,000	10,000	8,374	1,626
Programs - other (net of cash receipts of \$37,044)	4,750	4,750	33,146	(28,396)
Total Library Materials and Programs	<u>353,750</u>	<u>353,750</u>	<u>364,652</u>	<u>(10,902)</u>
Library Operations:				
SCLS basic service fee	19,500	19,500	20,679	(1,179)
Office and library supplies	24,500	24,500	22,020	2,480
PALS - automation	15,275	15,275	12,805	2,470
Photocopier rental, repair and maintenance	20,000	20,000	17,284	2,716
Printing and publicity	27,000	27,000	24,126	2,874
Postage	10,750	10,750	14,550	(3,800)
Professional fees - audit, legal and bond	40,000	40,000	44,976	(4,976)
Professional fees - payroll service	15,000	15,000	14,882	118
Professional fees - tech support	500	500	0	500
Professional fees - support and other	900	900	835	65
Software	7,500	7,500	10,508	(3,008)
Marketing and promotion	20,000	20,000	31,983	(11,983)
Telephone	3,000	3,000	1,758	1,242
Telecommunications	5,000	5,000	6,609	(1,609)
Conferences and travel	22,000	22,000	25,444	(3,444)
Professional memberships	3,750	3,750	3,205	545
Administration classes	1,500	1,500	6,695	(5,195)
Professional development	0	0	1,879	(1,879)
Media licenses	500	500	398	102
Miscellaneous expense	3,750	3,750	3,397	353
Total Library Operations	<u>\$ 240,425</u>	<u>\$ 240,425</u>	<u>\$ 264,033</u>	<u>\$ (23,608)</u>

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

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 36,000	\$ 36,000	\$ 46,381	\$ (10,381)
Janitorial services	51,000	51,000	50,965	35
Landscaping	7,000	7,000	9,237	(2,237)
Electricity	39,000	39,000	33,918	5,082
Insurance	33,000	33,000	31,080	1,920
Gas/fuel	4,000	4,000	3,273	727
Water and sewer	1,250	1,250	1,101	149
Security	2,100	2,100	1,615	485
Garbage removal	2,000	2,000	1,860	140
Custodial supplies	6,000	6,000	6,127	(127)
Total Building Operations	<u>181,350</u>	<u>181,350</u>	<u>185,557</u>	<u>(4,207)</u>
Capital Outlay:				
Building improvements	0	0	162,007	(162,007)
Furniture and equipment	6,500	6,500	8,346	(1,846)
Total Capital Outlay	<u>6,500</u>	<u>6,500</u>	<u>170,353</u>	<u>(163,853)</u>
Debt Service:				
Bond principal	385,000	385,000	1,487,820	(1,102,820)
Bond interest	202,880	202,880	203,395	(515)
Total Debt Service	<u>587,880</u>	<u>587,880</u>	<u>1,691,215</u>	<u>(1,103,335)</u>
Total Expenditures	<u>3,057,572</u>	<u>3,057,572</u>	<u>4,347,095</u>	<u>(1,289,523)</u>
Excess Of Expenditures Over Revenues	0	0	(1,152,132)	(1,152,132)
Budgetary fund balance - beginning of year	<u>4,939,830</u>	<u>4,939,830</u>	<u>4,939,830</u>	<u>4,939,830</u>
Budgetary Fund Balance - End Of Year	<u>\$ 4,939,830</u>	<u>\$ 4,939,830</u>	<u>\$ 3,787,698</u>	<u>\$ 3,787,698</u>

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