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MOFFAT LIBRARY OF WASHINGTONVILLE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

**MOFFAT LIBRARY OF WASHINGTONVILLE
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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Moffat Library of Washingtonville
Campbell Hall, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contain in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the Moffat Library of Washingtonville 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016, on our consideration of the Moffat Library of Washingtonville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Moffat Library of Washingtonville's internal control over financial reporting and compliance.

Yareli A Pitt, CPA, PC.

Central Valley, NY
March 2, 2016

**MOFFAT LIBRARY OF WASHINGTONVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2015**

Our discussion and analysis of Moffat Library of Washingtonville's financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Library's financial statements, which begin on page 8.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Government-Wide financial statements consist of the Statement of Net Assets (page 8) and the Statement of Activities (page 9) which provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. Fund financial statements start on page 10. The Library uses funds to maintain its financial records during the year. A fund is an accounting entity with a self-balancing set of accounts. The Library operates under one fund which is considered a *Governmental Fund* that consists of the *General Fund* and the *Capital Project Fund* (see page 6). The fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's most significant funds.

Reporting on the Library as a Whole

One of the most important questions about the Library's finances is, "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Library as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. These two statements report the Library's *net assets* and changes in them. You can think of the Library's net assets – the difference between assets and liabilities – as one way to measure the Library's financial health, or *financial position*. Over time, *increases or decreases* in the Library's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Library's property tax base and the condition of the Library's building, to assess the *overall health* of the Library.

**MOFFAT LIBRARY OF WASHINGTONVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2015**

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2015, the Library's assets exceeded liabilities by \$ 2,174,067. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day operations of the Library showed \$ 1,294,534.

Net assets invested in capital assets (i.e., land, building, improvements, equipment and furniture less any related outstanding debt) total \$ 879,533. The Moffat Library of Washingtonville uses those capital assets to provide service to citizens; these assets are not available for future spending. During the fiscal year ended June 30, 2015, the library expended \$ 152,941 in architectural and engineering fees for the building renovation

The following table shows the relative changes in the Library's assets and liabilities from 2014 to 2015.

Table 1	Governmental Activities		
	2015	2014	Variance
Cash and Cash Equivalents	\$ 1,322,026	\$ 1,086,847	\$ 235,179
Prepaid Expenses	17,339	14,887	2,452
Capital Assets	<u>1,279,533</u>	<u>1,146,552</u>	<u>132,981</u>
Total Assets	<u><u>\$ 2,618,898</u></u>	<u><u>\$ 2,248,286</u></u>	<u><u>\$ 370,612</u></u>
Accounts Payable and Accrued Expenses	\$ 34,464	\$ 26,983	\$ 7,481
Compensated Absences	10,367	9,713	654
Notes Payable	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total Liabilities	<u>444,831</u>	<u>436,696</u>	<u>8,135</u>
Invested in Capital Assets, Net of Related Debt	\$ 879,533	\$ 746,552	\$ 132,981
Restricted	-	-	-
Unrestricted	<u>1,294,534</u>	<u>1,065,038</u>	<u>229,496</u>
Total Net Assets	<u>2,174,067</u>	<u>1,811,590</u>	<u>362,477</u>
Total Liabilities and Net Assets	<u><u>\$ 2,618,898</u></u>	<u><u>\$ 2,248,286</u></u>	<u><u>\$ 370,612</u></u>

**MOFFAT LIBRARY OF WASHINGTONVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2015**

The following table reflects changes in the Library's revenues and expenses from 2014 to 2015. The Library anticipated an increase in expenses when preparing the 2015 budget and elected to increase the tax levy by 9% over the prior year. Expenses increased by 13% from June 30, 2014 to June 30, 2015.

Table 2

	Governmental Activities		Variance
	2015	2014	
Program Revenues			
Library Charges	\$ 16,981	\$ 19,968	\$ (2,987)
Grants, Gift and Donations	46,783	18,634	28,149
General Revenues			
Real Property Taxes	1,119,023	1,027,777	91,246
Interest Income	57	156	(99)
Total Revenues	<u>1,182,844</u>	<u>1,066,535</u>	<u>116,309</u>
Expenses			
Personnel - Salaries	\$ 367,360	\$ 309,870	\$ 57,490
Equipment, Repairs and Maintenance	21,924	10,415	11,509
Library Books	65,861	61,040	4,821
Audio Visual	21,463	19,519	1,944
Occupancy	63,598	76,945	(13,347)
Programs	12,459	9,971	2,488
Library Operations	100,617	94,911	5,706
Depreciation	19,960	16,010	3,950
Interest Expense	17,275	7,770	9,505
Employee Benefits	106,571	102,905	3,666
Professional Fees	23,278	17,698	5,580
Total Expenses	<u>820,366</u>	<u>727,054</u>	<u>93,312</u>
Increase in Net Assets	<u>\$ 362,478</u>	<u>\$ 339,481</u>	<u>\$ 22,997</u>

**MOFFAT LIBRARY OF WASHINGTONVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2015**

Reporting the Library's Most Significant Funds

The fund financial statements begin on page 10 and provide detailed information about the governmental funds – not the Library as a whole. The funds are required to be established by State law. As of June 30, 2015 the Library had two governmental funds, the General Fund and the Capital Project Fund.

- *General Fund* – The majority of activity for the Library is located in the General Fund.
- *Capital Project Fund* – This special purpose fund was established to account for capital improvements made to the Library.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-24 of this report.

General Fund Budgetary Highlights

The Library's budget is prepared based on the modified accrual basis of accounting. Actual expenditures were \$ 173,370 below the final budget amounts. The most significant variances resulted from decreases in salaries, employee benefits and library books, audio visual, periodicals.

Capital Assets

The Library's major assets are the buildings and lots located in Washingtonville, NY. The acquisition costs of these assets, as well as the cost of the upgrades, are reported on the Statement of Net Assets, net of accumulated depreciation.

Currently Known Facts, Decisions, or Conditions

As of the report date, the Library continues to operate from the temporary location in Campbell Hall, New York. We anticipate staying in the Campbell Hall building until completion of the renovation and expansion of the historic landmark Moffat Library of Washingtonville building at 6 West Main Street in Washingtonville, New York.

On March 3, 2015, the Library passed a \$6.922 million referendum vote on the building project. The remaining balance of project costs will be paid with Library capital fund

**MOFFAT LIBRARY OF WASHINGTONVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2015**

reserves, donations and grants. The project is still on target as of this writing with 90% of the construction documents completed with an estimated total project cost of \$7.48 million. Fundraising efforts are ongoing.

With the village lot acquired in July 2015, the Library now owns four surrounding parcels in addition to the main Moffat Library at 6 West Main Street in Washingtonville. These additional parcels will give us the needed space to renovate and expand the existing Library building, as well as create additional parking spaces, which had been an issue for some time.

The project is expected to go out to bid at the beginning of 2016 and groundbreaking is expected in spring of 2016 with a project completion date expected in 2017.

MOFFAT LIBRARY OF WASHINGTONVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,322,026
Prepaid Expenses	17,339
	1,339,365
Total Current Assets	
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements, Net of Depreciation	959,993
Land	202,056
Land Improvements, Net of Depreciation	49,855
Leasehold Improvements, Net of Depreciation	60,156
Equipment and Furniture, Net of Depreciation	7,473
	1,279,533
Total Noncurrent Assets	
	1,279,533
Total Assets	\$ 2,618,898
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 2,335
Accrued Expenses	32,129
	34,464
Total Current Liabilities	
	34,464
Noncurrent Liabilities:	
Compensated Absences	10,367
Notes Payable	400,000
	410,367
Total Noncurrent Liabilities	
	410,367
Total Liabilities	444,831
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	879,533
Unrestricted	1,294,534
	2,174,067
Total Net Assets	
	2,174,067
Total Liabilities and Net Assets	\$ 2,618,898

See accompanying Notes to the Financial Statements.

MOFFAT LIBRARY OF WASHINGTONVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUE				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental Activities:					
Personnel - Salaries	\$ 367,360	\$ -	\$ -	\$ -	(367,360)
Equipment, Repairs and Maintenance	21,924	-	-	-	(21,924)
Library Books	65,861	-	-	-	(65,861)
Audio Visual	21,463	-	-	-	(21,463)
Occupancy	63,598	-	-	-	(63,598)
Programs	12,459	-	-	-	(12,459)
Library Operations	100,617	16,981	15,504	31,279	(36,853)
Depreciation	19,960	-	-	-	(19,960)
Interest Expense	17,275	-	-	-	(17,275)
Employee Benefits	106,571	-	-	-	(106,571)
Professional Fees	23,278	-	-	-	(23,278)
Total Governmental Activities:	\$ 820,366	\$ 16,981	\$ 15,504	\$ 31,279	(756,602)
General Revenues:					
Real Property Taxes					1,119,023
Interest Income					57
Change in Net Assets					362,478
Net Assets - Beginning of Year					1,811,589
Net Assets - End of Year					\$ 2,174,067

See accompanying Notes to the Financial Statements.

**MOFFAT LIBRARY OF WASHINGTONVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 785,260	\$ 536,766	\$ 1,322,026
Prepaid Expenses	17,339	-	17,339
Total Assets	<u>\$ 802,599</u>	<u>\$ 536,766</u>	<u>\$ 1,339,365</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 2,335	\$ -	\$ 2,335
Accrued Expenses	32,129	-	32,129
Total Liabilities	<u>34,464</u>	<u>-</u>	<u>34,464</u>
FUND EQUITY			
Fund Balance:			
Unassigned	<u>768,135</u>	<u>536,766</u>	<u>1,304,901</u>
Total Fund Equity	<u>768,135</u>	<u>536,766</u>	<u>1,304,901</u>
Total Liabilities and Fund Equity	<u>\$ 802,599</u>	<u>\$ 536,766</u>	<u>\$ 1,339,365</u>

**MOFFAT LIBRARY OF WASHINGTONVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

Total fund equity for governmental funds	\$ 1,304,901
Total net assets reported for governmental activities in the statement of net assets are different because:	
Liabilities that do not require the use of current financial resources are not reported on the Government wide statements.	(10,367)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,279,533
Note payable that do not require the use of current financial resources. This amount is not reported on the government wide statements.	<u>(400,000)</u>
Total net assets of governmental activities	<u>\$ 2,174,067</u>

MOFFAT LIBRARY OF WASHINGTONVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Real Property Taxes	\$ 994,023	\$ 125,000	\$ 1,119,023
Building Fund	-	31,279	31,279
Library Charges	16,981	-	16,981
Interest Income	57	-	57
Grants	12,179	-	12,179
Gifts and Donations	3,325	-	3,325
Total Revenues	<u>1,026,565</u>	<u>156,279</u>	<u>1,182,844</u>
EXPENDITURES			
Personnel - Salaries	366,707	-	366,707
Equipment, Repairs and Maintenance	21,924	-	21,924
Library Books	65,861	-	65,861
Audio Visual	21,463	-	21,463
Occupancy	63,598	-	63,598
Programs	12,459	-	12,459
Library Operations	100,617	-	100,617
Interest Expense	17,275	-	17,275
Employee Benefits	106,571	-	106,571
Professional Fees	23,278	152,941	176,219
Total Expenditures	<u>799,753</u>	<u>152,941</u>	<u>952,694</u>
Excess of Revenues Over Expenditures	226,812	3,338	230,150
Other Financing Sources:			
Operating Transfers In	-	528,073	528,073
Operating Transfers Out	(528,073)	-	(528,073)
Total Other Financing Sources	<u>(528,073)</u>	<u>528,073</u>	<u>-</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	(301,261)	531,411	230,150
Fund Balance, July 1, 2014	<u>1,069,396</u>	<u>5,355</u>	<u>1,074,751</u>
Fund Balance, June 30, 2015	<u>\$ 768,135</u>	<u>\$ 536,766</u>	<u>\$ 1,304,901</u>

See accompanying Notes to the Financial Statements.

**MOFFAT LIBRARY OF WASHINGTONVILLE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund equities - total government funds \$ 230,150

The change in net assets reported for governmental activities in the statement of activities is different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This expense is the increase in compensated absences. (653)

Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays exceeded depreciation in the current period. 132,981

Net change in net assets of governmental activities \$ 362,478

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Moffat Library of Washingtonville (“the Library”) was first chartered by the State of New York as an association library in 1887. The Library received an absolute charter from the Regents of the State of New York as a school district library in 1995. The Library is chartered to serve the residents of the Washingtonville Central School District, which encompasses the Town of Blooming Grove, portions of the Towns of Hamptonburgh and New Windsor and all the Stewart military base personnel and their families, regardless of where they reside. The Library, which is part of the Ramapo Catskill Library System, serves approximately 24,399 residents (from the US Census 2010.)

The financial statements of the Moffat Library of Washingtonville are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Library is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements in preparing its government-wide financial statements. The more significant accounting policies established by GAAP and used by the Library in preparing its government-wide and fund financial statements are discussed below.

1. The Reporting Entity

The Library is administered by a board of thirteen (13) trustees elected by registered voters of the Washingtonville Central School District. The Board of Trustees is the legislative body that has the authority to make decisions and significantly influence overall operations. It also has the primary accountability for fiscal matters. No other governmental organizations have been included or excluded from the reporting entity.

2. Basic Financial Statements – Government-Wide Statements

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). Both the government-wide and fund financial statements categorize primary activities as governmental activities. The Library’s daily activities and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basic Financial Statements – Government-Wide Statements (Continued)

assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions or activities. The functions are supported by Real Property Taxes disbursed by the Washingtonville Central School District. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs are normally covered by general revenue (real property taxes and interest income).

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net assets resulting from the current year's activities.

3. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basic Financial Statements – Fund Financial Statements (Continued)

The following fund types are used by the Library:

A. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the Library:

1. General Fund – is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund and is presented separately.

2. Capital Projects Fund – is used for financial resources to be used for the acquisition, construction, or major repair of capital facilities. The Capital Projects Fund is considered a major fund and is presented separately. However, no budgetary comparison schedule is presented as required supplemental information, as the Library is not legally required to adopt an annual budget for the Capital Projects Fund.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

A. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

B. Modified Accrual Basis

The government funds financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available. Available means collectible

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting (Continued)

B. Modified Accrual Basis (Continued)

within the current period or 60 days after year-end. Material revenues that are susceptible to accrual include real property taxes. Expenditures are generally recognized in the accounting period in which the related liability is incurred. The exceptions to this rule are that accumulated vacation, sick pay and other employee amounts are not accrued, and principal and interest on long term debts are recognized as an expenditure when due.

Library charges are recorded as revenue when received in cash because they are generally not measurable until actually received.

Investment earnings are recorded as earned since they are both measurable and available. Grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as grants until related and authorized expenditures have been made.

5. Financial Statement Amounts

A. Cash and Investments

The Moffat Library of Washingtonville's investment policies are governed by State Statutes. The Library monies must be deposited in FDIC – insured commercial banks or trust companies located within the State of New York. Investments of the Library may also include US government obligations, repurchase agreements and obligations of New York State or its localities. The responsibility of the investment of Library funds lies with the Treasurer.

Cash and Cash Equivalents of the Library consisted of checking and savings accounts.

At June 30, 2015, the carrying amount of the Library's deposits (cash and interest bearing savings accounts) was approximately \$1,332,000. This amount is deposited into two separate federally insured banks. At June 30, 2015, all of the Library's funds over the Federal Deposit Insurance Corporation limit have been collateralized with an Irrevocable Standby Letter of Credit.

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Financial Statement Amounts (Continued)

B. Capital Assets

The Library's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost in the government-wide financial statements. Contributed fixed assets are recorded at fair market value on the date received.

The Library's collection of books, periodicals, DVD's, CD's and other borrowable materials are considered to have a useful life of less than one year. The Library has chosen not to capitalize and depreciate its collection at this time. The library book and audiovisual expenses on the Statement of Activities equals the value of the Library's collection for the year.

The Library generally capitalizes assets with a cost of three thousand dollars or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Building and Improvements	5 – 40 years
Land Improvements	10 -- 20 years
Equipment and Furniture	3 – 7 years
Leasehold Improvements	5 - 39 years

Depreciation for the year ended June 30, 2015 was \$19,960.

C. Property Taxes

The Library receives approximately 94.6% percent of its revenues from the annual real property tax levy collected by the Washingtonville Central School District. The revenue is received in multiple installments throughout the year.

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Financial Statement Amounts (Continued)

D. Budgets and Budgetary Accounting

The Library Board adopts an annual budget for all governmental funds. The annual budget is prepared in accordance with the basis of accounting utilized by each fund. Modifications of the budget must be approved by the Library's Board. The amended budget is presented in the Budgetary Comparison Schedule – General Fund. The Library did not adopt an annual budget for the Capital Projects Fund and is not legally required to do so.

E. Post Retirement Benefits

The Library does not provide any post retirement benefits, with the exception of pension benefits paid through the NYS Retirement System. Therefore, the Library does not have any liability pertaining to post retirement benefits under Governmental Accounting Standards Board (GASB) issued Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

F. Compensated Absences

It is the Library's policy to allow accumulation of vacation and sick time beyond the fiscal year end. Library employees are entitled to earn vacation and sick leave. At June 30, 2015 the estimated liability for this benefit was determined to be \$10,367.

G. Risk Management

The Library assumes the liability for most risk including, but not limited to property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. The Library made no claims that exceeded these limits in any of the prior three fiscal years.

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

5. Financial Statement Amounts (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Fund Balance

As of June 30, 2015, the Library implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

**MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fund Balances (Continued)

As of June 30, 2015 fund balances are comprised of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Nonspendable	\$ -	\$ -
Restricted	\$ -	\$ -
Committed	\$ -	\$ -
Assigned	\$ -	\$ -
Unassigned	\$ 768,135	\$ 536,766

NOTE B. CAPITAL ASSET ACTIVITY

The following is a summary of capital asset activity for the Library for the year ended June 30, 2015.

	Primary Government			Ending Balance June 30, 2015
	Beginning Balance July 1, 2014	Additions	Disposals	
Governmental Activities:				
Building	\$ 762,448	\$ -	\$ -	\$ 762,448
Building Renovation	55,974	152,941	-	208,915
Land	202,056	-	-	202,056
Land Improvements	92,531	-	-	92,531
Leasehold Improvements	67,222	-	-	67,222
Furniture and Equipment	32,899	-	-	32,899
Totals	1,213,130	152,941	-	1,366,071
Less: Accumulated Depreciation	66,578	19,960	-	86,538
Governmental Activities Capital Assets, Net	<u>\$ 1,146,552</u>	<u>\$ 132,981</u>	<u>\$ -</u>	<u>\$ 1,279,533</u>

For the year ended June 30, 2015, depreciation expense was \$19,960 and is included in the Statement of Activities.

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE C. PENSION PLAN

Plan Description – Employee Plan

The Library participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan. These are cost sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to New York State and Local Employees Retirement System, 110 State Street, Albany, New York 12244 or accessed at <http://www.osc.state.ny.us/retire/>.

Funding Policy:

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

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

2015	\$ 46,275
2014	\$ 40,572
2013	\$ 36,049

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

NOTE D. CONTINGENCIES

As of June 30, 2015, the Library did not have any pending litigation or potential nondisclosed liabilities.

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE E. OPERATING LEASE

During the year ended June 30, 2015, the Library was obligated for various office equipment leases and rent expense. In 2012, the Library entered into an occupancy lease ending on November 30, 2015. Pursuant to the lease terms, upon expiration, the lease shall continue on a month-to-month basis. The following schedule details the future minimum lease obligations.

Year Ended	
<u>June 30,</u>	
2016	\$ 24,101
2017	4,101
2018	4,101
2019	4,101
2020 and thereafter	<u>1,025</u>
	<u>\$ 37,429</u>

For the year ended June 30, 2015, the total lease expense was approximately \$52,100 and is included in the Statement of Activities under Occupancy.

NOTE F. NOTES PAYABLE

1. 16 West Main Street:

On October 17, 2013, the Library purchased a parcel of property located at 16 West Main Street, Washingtonville, NY in the amount of \$185,000. This purchase was financed through a promissory note. Beginning December 2013, the Library is required to pay monthly interest only of 1% over the current index rate of 3.250%. The note matures on October 1, 2016. The Library is required to present the lender with financial statements within 120 days of fiscal year end. As of the report date, the organization has received written approval for an extension of this requirement.

2. 18-20 West Main Street:

On April 7, 2014, the Library purchased a parcel of property located at 18-20 West Main Street, Washingtonville, NY in the amount of \$215,000. This purchase was financed through a promissory note. Beginning May 2014, the Library is required to pay monthly interest only of 1% over the current index rate of 3.250%. The note matures on April 7, 2017. The Library is required to present the lender with financial statements within 120

MOFFAT LIBRARY OF WASHINGTONVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE F. NOTES PAYABLE (Continued)

days of fiscal year end. As of the report date, the organization has received written approval for an extension of this requirement. The Library's notes payable is reported as a noncurrent liability in the Statement of Net Assets and interest paid is reported as Interest Expense in the Statement of Activities. The payments are currently interest only.

Maturities of notes payables are as follows:

Year Ended	
<u>June 30,</u>	
2016	\$ -
2017	<u>400,000</u>
	<u>\$ 400,000</u>

NOTE G. EVALUATION OF SUBSEQUENT EVENTS

The Library has evaluated subsequent events through OPEN DATE , the date which the financial statements were available to be issued. On March 3, 2015, the taxpayers of the Washingtonville Central School District approved a referendum for a \$6.922 million dollar bond. The bond will enable the library to restore, renew and reimagine its library. Planning for this project continues through 2016 and ground breaking is planned for the spring of 2016 with a completion date in 2017.

In July 2015, the Library acquired a parcel of land from the Village of Washingtonville. The Library plans to use this parcel of land to expand their parking area.

**MOFEAT LIBRARY OF WASHINGTONVILLE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (GAAP BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Real Property Taxes	\$ 994,023	\$ 994,023	\$ 994,023	\$ -
Library Charges	15,200	15,200	16,981	1,781
Interest Income	100	100	57	(43)
Grants	11,800	11,800	12,179	379
Gifts and Donations	2,000	2,000	3,325	1,325
Total Revenue	1,023,123	1,023,123	1,026,565	3,442
Appropriation of Prior Year's Fund Balance	-	-	-	-
Total Revenue and Appropriation of Prior Year's Fund Balance	1,023,123	1,023,123	1,026,565	3,442
Expenditures:				
Personnel - Salaries	465,000	465,000	366,707	(98,293)
Equipment, Repairs and Maintenance	13,800	13,800	21,924	8,124
Library Books, Audio Visual, Periodicals	138,000	138,000	87,324	(50,676)
Occupancy	59,000	59,000	63,598	4,598
Programs	10,000	10,000	12,459	2,459
Library Operations	95,500	95,500	100,617	5,117
Interest Expense	24,000	24,000	17,275	(6,725)
Employee Benefits	157,823	157,823	106,571	(51,252)
Professional Fees	10,000	10,000	23,278	13,278
Total Expenditures	973,123	973,123	799,753	(173,370)
Excess of Revenues over Expenditures	50,000	50,000	226,812	176,812
Other Financing Uses:				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(528,073)	(528,073)
Total Other Financing Uses	-	-	(528,073)	(528,073)
Excess (deficiency) of Revenues over Expenditures and Other Financing Uses	\$ 50,000	\$ 50,000	\$ (301,261)	\$ (351,261)

Lorelei A. Pitt, CPA, P.C.

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

To the Board of Trustees of the Moffat Library of Washingtonville
Campbell Hall, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Moffat Library of Washingtonville, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Moffat Library of Washingtonville's basic financial statements, and have issued our report thereon dated March 2, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Yorelli A Pitt, CPA, P.C.

Central Valley, NY
March 2, 2016