

HUNTINGTON PUBLIC LIBRARY

FINANCIAL REPORT
WITH ADDITIONAL INFORMATION

JUNE 30, 2016

HUNTINGTON PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Huntington Public Library
338 Main Street
Huntington, New York 11743

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Huntington Public 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 Huntington Public 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, the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of funding progress for the retiree health plan on pages 5 through 10 and 37 through 43 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
November 10, 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 five columns of these financial statements include information on the Library's funds 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>
Assets:			
Current assets	\$ 5,564	\$ 4,495	\$ 1,069
Capital assets	<u>3,179</u>	<u>3,208</u>	<u>(29)</u>
Total Assets	<u>8,743</u>	<u>7,703</u>	<u>1,040</u>
Deferred Outflows of Resources	<u>1,852</u>	<u>87</u>	<u>1,765</u>
Liabilities:			
Long-term debt	5,407	3,183	2,224
Other liabilities	<u>257</u>	<u>218</u>	<u>39</u>
Total Liabilities	<u>5,664</u>	<u>3,401</u>	<u>2,263</u>
Deferred Inflows of Resources	<u>358</u>	<u>149</u>	<u>209</u>
Net Position:			
Net investment in capital assets	3,179	3,208	(29)
Unrestricted	<u>1,394</u>	<u>1,032</u>	<u>362</u>
Total Net Position	<u>\$ 4,573</u>	<u>\$ 4,240</u>	<u>\$ 333</u>
Revenue:			
Tax revenues	\$ 8,817	\$ 8,709	\$ 108
Fines, fees and sales	25	28	(3)
Other revenue	<u>101</u>	<u>103</u>	<u>(2)</u>
Total Revenue	8,943	8,840	103
Expenses - Library Services	<u>8,610</u>	<u>7,790</u>	<u>820</u>
Change in net position	333	1,050	(717)
Net position - beginning of year	<u>4,240</u>	<u>3,190</u>	<u>1,050</u>
Net Position - End of Year	<u>\$ 4,573</u>	<u>\$ 4,240</u>	<u>\$ 333</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position increased by \$333,473 this year. The most significant reason for this increase was the lower than anticipated expenditures in the General Fund.
- The Library's primary source of revenue is from property tax revenues, which represents 98.6 percent of total revenue. In the prior year revenue from property taxes represented 98.5 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 77.3 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 75.4 percent of the Library's total expenses.

The Library Funds:

Our analyses of the Library's funds are included in the first five columns of pages eleven through fourteen 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's funds consist of the General Fund, the Capital Fund, the Grant Fund, and the Trust and Agency Fund.

The fund balance of the General Fund increased during the year from \$3,277,221 to \$3,363,953. The fund balance of the Capital Fund increased from \$1,000,000 to \$1,942,260. The fund balance of the Grant Fund remained at a deficit of \$14. The fund balance for the Trust & Agency Fund remained at a balance of \$0.

Budgetary Highlights:

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

- In total, the favorable budget variance for Library revenues was \$17,051. The primary reasons for this variance were the unexpected receipt of grants and aid from New York State. The Library did not budget for this income because it was not a guaranteed source of revenue.
- The Library received more copier machine/printing income than anticipated. As a result of transitioning from rental copiers to now owning them, the Library is able to retain the full copy fee as opposed to only a portion. This favorable variance offsets the unfavorable variance in the debt service budget section.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- Although there were favorable and unfavorable variances within specific salaries and wages budget lines, overall they offset one another and the budget section was only overspent by \$402 or 0.01%. It is difficult to budget on an individual salary line basis because of staff transitioning in and out of employment with the Library, the changing of staff titles during the year and the use of part-time and per diem employees.
- The budget line for workers compensation and disability was underspent by \$9,937. The Library attributes this to lower premiums than had been anticipated. Additionally the Library received a refund of past premiums paid due to low claims on their policies.
- The Library has a favorable budget variance for the MTA tax budget line of \$7,310. Changes to the law made the Library exempt from this tax effective January 1, 2016.
- In total, the library services/materials budget section was underspent by \$21,059. Many of the variances offset one another. The various book budget lines were underspent primarily because purchasing slowed. The library attributed this to a variety of factors such as limited shelf space for new purchases, being more selective in order to reduce costs, being short staffed in certain departments, as well as the public desire for more materials in an electronic format as opposed to the print format. The library was also able to save money within the budget line for electronic resources by canceling subscriptions that provided an overlap of the information being provided. Processing costs were less than anticipated because the outsourcing of this function has not yet been expanded to as many genres as had been expected. The budget line for microfilm, CD software and games was underspent because fewer purchases were required than had been anticipated. The budget lines for downloadables as well as for programs - adult were both overspent in order to keep pace with patron demand. These additional purchases were able to be made because of the favorable variances in the aforementioned budget lines. The budget line for Programs- children was underspent because more programs were run by in-house staff. This was less expensive than having to pay outside vendors. The budget line for programs- literacy/ESL was overspent due to the continued high level of program offerings and the addition of a citizenship program. The Library has increased its funding of this budget line for the 2016-2017 fiscal year. The budget line for public relations/newsletter was underspent because the Library was able to realize a savings by modifying the newsletter to a more cost efficient format.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- In total, the library operations budget section was overspent by \$22,398. Many of the variances offset each other. The over expenditure in the budget line for library and general supplies was due to additional supplies for the public coffee machine, new library cards for adults and children as well higher quality printer paper for the in-house printing of program flyers. The budget line for printing supplies was underspent as the Library's new copier maintenance agreement provides the Library with toner for the staff printers. The budget line for the integrated library system was overspent by \$49,901. As the Library is transitioning back to the PALS network additional costs have been incurred. The Library anticipates substantial savings in futures years due to this change. The budget line for legal service was underspent as the collective bargaining agreement was settled and anticipated legal fees were not incurred. The budget line for minor furniture and equipment was overspent by \$7,221 due to the required purchase of SSD cards for staff computers, additional book carts and minor shelving units not originally anticipated. The miscellaneous expense budget line was overspent as a result of being charged bank fees that were not anticipated at the time the budget was prepared. The Library has now switched its primary banking institution and no longer pays fees for its operating accounts.
- The budget line for electric/power was underspent as the generally mild summer and winter reduced the amount of energy required to heat and cool the building.
- The budget line for furniture, fixtures and other equipment was underspent. The planned replacement of furniture in the public and circulation areas was put on hold pending the completion of infrastructure projects.
- The budget line for computers was overspent by \$9,924. The Library replaced the computers in the Children's department because the staff computers were old and no longer covered by warranty.
- The budget line for building improvement/preservation was underspent by \$953,700. This was due to the fact that the Library renovation project did not commence as planned. As a result, these unspent monies were transferred to the Capital Fund.

Capital Assets:

Capital outlay totaled \$138,826 for the current year. The purchases were for a wide variety of items such as architectural services for the renovation project, the purchase of computer equipment, copiers as well an automatic door, a projector, furniture, etc. During the year the Library also discarded broken or obsolete furniture and equipment with an estimated original cost of \$18,097.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Debt Administration:

The only long term debt that the Library has to its employees is for unused sick and vacation time (compensated absences), its capital lease payable, its net pension liability and its obligation for other post-retirement benefits. As of June 30, 2016, the Library's liability for unused sick and vacation time (compensated absences) was \$423,500. This represents an increase of \$95,693 from the previous year. As of June 30, 2016, the Library's liability for the capital lease payable was \$32,332. This represents an increase of \$32,332 from the previous year. The net pension liability at June 30, 2016 was \$2,081,534. This represents an increase of \$1,658,852 from the previous year. The Library's obligation for other post-employment benefits at June 30, 2016 was \$2,868,889. This represents an increase of \$435,923 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 \$8,817,225.

HUNTINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AS OF JUNE 30, 2016

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 14)	Statement of Net Position
Assets:							
Cash and cash equivalents:							
Checking	\$ 2,282,966	\$ 135,748	\$	6,062	\$ 2,424,776	\$	\$ 2,424,776
Money market/savings	1,302,201	1,820,554			3,122,755		3,122,755
Petty cash	870				870		870
Total cash and cash equivalents	<u>3,586,037</u>	<u>1,956,302</u>	<u>0</u>	<u>6,062</u>	<u>5,548,401</u>	<u>0</u>	<u>5,548,401</u>
Internal receivables	17,843				17,843	(17,843)	
Other receivables	28				28		28
Prepaid insurance	15,131				15,131		15,131
Capital assets, net of depreciation (note 4)						3,179,277	3,179,277
Total Assets	<u>3,619,039</u>	<u>1,956,302</u>	<u>0</u>	<u>6,062</u>	<u>5,581,403</u>	<u>3,161,434</u>	<u>8,742,837</u>
Deferred Outflows of Resources:							
Deferred outflows on pension	0	0	0	0	0	1,852,571	1,852,571
Total Assets and Deferred Outflows of Resources	<u>\$ 3,619,039</u>	<u>\$ 1,956,302</u>	<u>\$ 0</u>	<u>\$ 6,062</u>	<u>\$ 5,581,403</u>	<u>\$ 5,014,005</u>	<u>\$ 10,595,408</u>

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

HUNTINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AS OF JUNE 30, 2016

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 14)	Statement of Net Position
Liabilities:							
Accounts payable	\$ 104,136	\$ 2,275	\$	\$	\$ 106,411	\$	\$ 106,411
Accrued payroll and related taxes	150,950				150,950		150,950
Internal payables		11,767	14	6,062	17,843	(17,843)	
Non-current liabilities:							
Copier loan payable						32,332	32,332
Compensated absences						423,500	423,500
Net pension liability						2,081,534	2,081,534
Obligation for other post-employment benefits						2,868,889	2,868,889
Total Liabilities	<u>255,086</u>	<u>14,042</u>	<u>14</u>	<u>6,062</u>	<u>275,204</u>	<u>5,388,412</u>	<u>5,663,616</u>
Deferred Inflows of Resources:							
Deferred inflows on pension	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>358,371</u>	<u>358,371</u>
Fund Balances/Net Position:							
Nonspendable (prepaid amounts)	15,131				15,131	(15,131)	
Committed for specific purposes	1,174,203				1,174,203	(1,174,203)	
Assigned		1,942,260			1,942,260	(1,942,260)	
Unassigned	<u>2,174,619</u>		(14)		<u>2,174,605</u>	<u>(2,174,605)</u>	
Total Fund Balances	<u>3,363,953</u>	<u>1,942,260</u>	<u>(14)</u>	<u>0</u>	<u>5,306,199</u>	<u>(5,306,199)</u>	
Total Liabilities, Deferred Inflows of Resources And Fund Balances	<u>\$ 3,619,039</u>	<u>\$ 1,956,302</u>	<u>\$ 0</u>	<u>\$ 6,062</u>	<u>\$ 5,581,403</u>		
Net Position:							
Net investment in capital assets						3,179,277	3,179,277
Unrestricted						1,394,144	1,394,144
Total Net Position						<u>\$ 4,573,421</u>	<u>\$ 4,573,421</u>

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

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

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 14)	Statement of Activities
Revenues:							
Tax revenues	\$ 8,817,225	\$	\$		\$ 8,817,225	\$	\$ 8,817,225
Fines, fees and sales	25,420				25,420		25,420
Program fees	16,422				16,422		16,422
Local Incentive Aid	9,679				9,679		9,679
Other grants and aid	24,142				24,142		24,142
Copier machine/printing income	17,213				17,213		17,213
Interest	2,788	8,054			10,842		10,842
Books paid	1,633				1,633		1,633
Telephone/fax fees	3,366				3,366		3,366
Donations and miscellaneous income	17,088				17,088		17,088
Total Revenues	<u>\$ 8,934,976</u>	<u>\$ 8,054</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,943,030</u>	<u>\$ 0</u>	<u>\$ 8,943,030</u>

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

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

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 14)	Statement of Activities
Expenditures/Expenses- Library Services:							
Salaries and wages	\$ 3,935,345	\$	\$	\$	\$ 3,935,345	\$ 88,893	\$ 4,024,238
Employee benefits	2,085,870				2,085,870	545,469	2,631,339
Library services/materials	788,761				788,761		788,761
Library operations	487,158				487,158		487,158
Building operations	503,153	5,575			508,728		508,728
Capital outlay	116,107	22,719			138,826	(138,826)	
Depreciation						167,651	167,651
Debt service:							
Principal - capital lease	2,168				2,168	(2,168)	
Interest - capital lease	1,682				1,682		1,682
Total Expenditures/Expenses	<u>7,920,244</u>	<u>28,294</u>	<u>0</u>	<u>0</u>	<u>7,948,538</u>	<u>661,019</u>	<u>8,609,557</u>
Excess (Deficiency) Of Revenues Over Expenditures	1,014,732	(20,240)	0	0	994,492	(661,019)	
Other Financing Sources (Uses):							
Proceeds from capital lease	34,500	0			34,500		
Transfers- internal activities	(962,500)	962,500					
Total Other Financing Sources (Uses)	<u>(928,000)</u>	<u>962,500</u>	<u>0</u>	<u>0</u>	<u>34,500</u>	<u>(34,500)</u>	
Excess Of Revenues & Other Financing Sources (Uses) Over Expenditures	86,732	942,260	0	0	1,028,992	(1,028,992)	
Change In Net Position							
Fund balance/net position- beginning of year	<u>3,277,221</u>	<u>1,000,000</u>	<u>(14)</u>	<u>0</u>	<u>4,277,207</u>	<u>(37,259)</u>	<u>4,239,948</u>
						333,473	333,473
Fund Balance/Net Position- End Of The Year	<u>\$ 3,363,953</u>	<u>\$ 1,942,260</u>	<u>\$ (14)</u>	<u>\$ 0</u>	<u>\$ 5,306,199</u>	<u>\$ (698,278)</u>	<u>\$ 4,573,421</u>

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

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Huntington Public 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 Huntington Public Library coordinates the raising of its real estate tax revenues with the Huntington 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.

**HUNTINGTON PUBLIC 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 and the State of New York's Department of Audit and Control, Division of Municipal Affairs. 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 funds:

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

Capital Fund: This fund is established to account for resources devoted to construction and renovation of the Library.

Grant Fund: Specified grant revenues and expenditures whether funded by New York State, the Federal Government, or private industry are accounted for separately in the Grant fund.

Trust and Agency Fund: Used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

- C.** **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.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

D. Budgetary Accounting: Formal budgetary accounting is employed as a management control of the general fund. Expenditures are compared to actual results in the report.

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.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

- G. Interfund Transactions:** The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for cash flow purposes. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted General Fund revenues to finance various expenditures that the Library must account for in other funds in accordance with budgetary authorizations.
- H. 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 as well as obligations of the United States of America and New York State.
- I. Capital Assets:** Capital assets are defined by the Library as assets with an initial cost of at least \$500 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, improvements, 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. The Library land and building has not been capitalized as it is owned by the School District. Library books and materials are not capitalized. Depreciation is provided on the straight-line basis over the following estimated lives:

Furniture and equipment	5 to 7 years
Fixtures	20 years
Building improvements	40 years

NOTE 2: **Cash and Cash Equivalents**

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

NOTE 3: **Concentration of Credit Risk**

The Library maintains all of its cash balances at two banks. At year end, the Library's carrying amount of deposits was \$5,547,531 (excludes petty cash) and the bank balance was \$5,573,720. Of the bank balance, \$885,748 was covered by federal depository insurance, \$3,117,418 was covered by collateral in the form of a Letter of Credit and the remaining balance of \$1,570,554 was covered by collateral held by the Library's agent.

BALDESSARI & COSTER LLP

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: Capital Assets

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

	Balance as of 7/1/2015	Additions	Deletions	Balance as of 6/30/2016
Assets not being depreciated:				
Fine arts	\$ 38,050	\$ 0	\$ 0	\$ 38,050
Construction in progress	25,471	22,719	0	48,190
Other capital assets:				
Building improvements	5,330,674	8,800	0	5,339,474
Fixtures	1,346,600	0	0	1,346,600
Furniture and equipment	572,090	107,307	(18,097)	661,300
Total	7,312,885	138,826	(18,097)	7,433,614
Accumulated depreciation	(4,104,783)	(167,651)	18,097	(4,254,337)
Net Book Value	\$ 3,208,102	\$ (28,825)	\$ 0	\$ 3,179,277

NOTE 5: Accounts Payable

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

NOTE 6: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2016:

	Balance 7/1/2015	Increases	Reductions	Balance 6/30/2016	<u>Non-current liabilities</u> Due within one year	Due after one year
Copier loan	\$ 0	\$ 34,500	\$ 2,168	\$ 32,332	\$ 5,665	\$ 26,667
Compensated absences	327,807	95,693	0	423,500	0	423,500
Net pension liability	422,682	1,658,852	0	2,081,534	0	2,081,534
Other post-employment benefits payable	2,432,966	435,923	0	2,868,889	0	2,868,889
	\$ 3,183,455	\$ 2,224,968	\$ 2,168	\$ 5,406,255	\$ 5,665	\$ 5,400,590

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2016 for unused sick and vacation pay amounting to \$423,500. No portion of this liability is expected to be paid within the next twelve months.

NOTE 8: Capital Lease Payable

In January 2016, the Library essentially purchased five copiers by signing a capital lease agreement. The total price of the equipment was \$34,500. The lease agreement requires 60 monthly payments of \$770. Interest is being charged at a rate of 12.0%. As of June 30, 2016, a total of \$32,332 remains payable.

The future minimum payment is detailed as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2017	\$ 5,665	\$ 3,575	\$ 9,240
2018	6,384	2,856	9,240
2019	7,193	2,047	9,240
2020	8,105	1,135	9,240
2021	4,985	195	5,180
Total	<u>\$ 32,332</u>	<u>\$ 9,808</u>	<u>\$ 42,140</u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: Funds Committed For Specific Purposes

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

	Balance as of 7/1/2015	Funds Committed (Uncommitted)	Funds Expended	Balance as of 6/30/2016
Funds Committed For:				
Accrued benefits	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Retirement	25,000	0	0	25,000
Building preservation	25,000	0	0	25,000
Development fund	<u>526,772</u>	<u>547,431</u>	<u>0</u>	<u>1,074,203</u>
Total	\$ <u>626,772</u>	\$ <u>547,431</u>	\$ <u>0</u>	\$ <u>1,174,203</u>

NOTE 10: Funds Assigned Balance

The components of the assigned fund balance as of June 30, 2016 are as follows:

	Capital Fund	Grant Fund	Total
Assigned For:			
Assigned for capital projects	\$ <u>1,942,260</u>	\$ <u>0</u>	\$ <u>1,942,260</u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Retirement Plan

- A. **Plan Description and Benefits Provided:** The Huntington Public Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Huntington Public Library also participates in the Public Employees' Group Term Life Insurance plan (GTLI), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.
- B. **Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$616,686, for the 2015 fiscal year it was \$426,123 and for the 2014 fiscal year it was \$1,271,931.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Retirement Plan (Continued)

- C. **Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2016, the Huntington Public Library reported a liability of \$2,081,534 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Huntington Public Library's proportion of the net pension liability was based on a projection of the Huntington Public Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2016, the Huntington Public Library's proportion was 0.0129688 percent which was an increase of .0004569% from its proportion measured at June 30, 2015.

For the year ended June 30, 2016, the Huntington Public Library recognized pension expense of \$719,430. At June 30, 2016, the Huntington Public Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience \$	10,519	\$ 246,731
Changes in assumptions	555,082	0
Net difference between projected and actual investment earnings on pension plan investments	1,234,880	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,090	111,640
Library's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u><u>\$ 1,852,571</u></u>	<u><u>\$ 358,371</u></u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Retirement Plan (Continued)

- C. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: (Continued)** \$0 reported as deferred outflows of resources related to pensions resulting from Huntington Public Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2017	\$ 369,879
2018	369,879
2019	369,879
2020	384,563
2021	<u>0</u>
Total	<u>\$ 1,494,200</u>

- D. Actuarial Assumptions:** The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Investment Rate of Return	7.00%
Salary Scale	3.80%
Inflation Rate	2.50%
Cost of Living Adjustments	1.30%

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Retirement Plan (Continued)

- D. Actuarial Assumptions: (Continued)** Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below.

Long Term Expected Rate of Return 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	<u>100.00%</u>	

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Retirement Plan (Continued)

D. Actuarial Assumptions: (Continued)

Discount Rate – The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – The following presents the Huntington Public Library’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Huntington Public Library’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Library's proportionate share of the net pension liability	\$ 4,693,707	\$ 2,081,534	\$ (125,641)

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Retirement Plan (Continued)

- D. Actuarial Assumptions: (Continued)** *Pension plan fiduciary net position –*
The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2016, in thousands of dollars was as follows:

	<u>Total</u>
Employers' total pension liability	\$ 172,303,544
Plan net position	<u>(156,253,265)</u>
Employers' net pension liability	<u><u>\$ 16,050,279</u></u>
Ratio of plan net position to the Employers' total pension liability	90.7%

NOTE 12: Post-employment Benefits Other Than Pensions

- A. Plan Description:** The New York State Department of Civil Service (DCS) administers the New York Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, and participating public authorities and local governmental units, such as the Huntington Public Library. NYSHIP offers comprehensive hospital, medical and prescription drug benefits. As administrator of NYSHIP, the DCS performs all administrative tasks and has the authority to establish and amend the benefit provisions offered. Annual benefit premiums charged to and paid by participating entities are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are then remitted to the health insurance carriers that comprise NYSHIP. NYSHIP is considered an agent multiple-employer defined benefit plan, it is not a separate entity or trust, and does not issue stand-alone financial statements. The Library, as a participant in the plan, recognizes these post-employment benefits on an accrual basis.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

- B. Funding Policy:** Contribution requirements are determined by the Library Board. For retirees hired on or before June 30, 1993 and whom have five or more years of service, the Library will pay 90% of the amount for a retiree's and their spouse's health insurance policy premium. For retirees hired on or before June 30, 1993, that have less than five years of service, the Library will pay 75% of the amount for a retiree's and their spouse's health insurance policy premium. For retirees hired after June 30 1993, and whom have ten years of service, the Library will pay 75% of the amount for a retiree's and their spouse's health insurance policy premium.

For the year ending June 30, 2016, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$308,274 as an expenditure in the General Fund. Huntington Public Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$65,086.

The calculation of the liability was based upon the 2015 annual medical premiums of:

		<u>Individual</u>	<u>Family</u>	<u>Family With Two Medicare Participants</u>	<u>Family With One Medicare Participant</u>
Empire	\$	9,661	\$ 21,706		
Empire Medicare	\$	4,822		\$ 12,030	\$ 16,868

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

- C. Annual OPEB Cost and Net OPEB Obligation:** The Library's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the "annual required contribution of the employer (ARC). The Library has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library's net OPEB obligation to the Retiree Health Plan:

Annual required contribution & OPEB cost	\$	810,465
Interest on net OPEB obligation		97,319
Adjustment to annual required contribution		<u>(119,248)</u>
Annual OPEB cost (expense)		788,536
Contributions made		<u>(352,613)</u>
Increase in net OPEB obligation		435,923
Net OPEB obligation - beginning of year		<u>2,432,966</u>
Net OPEB obligation - end of year	\$	<u><u>2,868,889</u></u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2014 through June 30, 2016 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Payroll</u>
6/30/2014	\$ 746,083	46.6%	\$ 2,016,138	\$ 2,516,447	29.65%
6/30/2015	\$ 780,793	46.6%	\$ 2,432,966	\$ 2,937,001	26.58%
6/30/2016	\$ 788,536	44.7%	\$ 2,868,889	\$ 3,199,433	24.65%

- D. Funded Status and Funded Progress:** As of June 30, 2016, the actuarial accrued liability for benefits based upon the valuation date of July 1, 2015 was \$9,278,326, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,199,433, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 290.0 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information as time passes about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

- E. Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

E. Methods and Assumptions: (Continued)

Funding interest rate – An interest rate of 4% was used.

Mortality – Life expectancies were based on the RP2014 Mortality Table with sex distinct rates and with generational mortality improvements projected using the MP-2014 table projection rates.

Participation rate – It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

Retirement rates:

<u>Age</u>	<u>Rate</u>
55-59	3.0%
60-64	9.0%
65-69	12.0%
70-79	20.0%
80+	100.0%

Termination rates – The following rates from Table 1, paragraph 35 of Government Accounting Standard no. 45 were used.

<u>Age</u>	<u>Rate</u>
20	7.79%
25	6.78%
30	4.66%
35	3.19%
40	2.21%
45	1.59%
50+	0.00%

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: Post-employment Benefits Other Than Pensions i(Continued)

E. Methods and Assumptions: (Continued)

Healthcare cost trend rates – It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Pre-65 Rates</u>	<u>Post-65 Rates</u>
2015	9.0%	5.0%
2016	8.0%	5.0%
2017	7.0%	5.0%
2018	6.0%	5.0%
2019+	5.0%	5.0%

Participant salary increases – 3.50% annually.

Payroll growth rate – 2.50% annually.

Percent married – It was assumed that 65% of the male and 25% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Actuarial value of assets – N/A

Per capita claims cost – Are based on the premium levels of the plan provisions in section B. The premiums paid by the Library are independent of the Library's experience and demographic profile, and are expected to change consistent with a community rated plan. Thus, we have applied the premiums with no additional adjustments other than future trend increases.

Administrative expenses – \$25.37 per enrollee per year.

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12: **Post-employment Benefits Other Than Pensions (Continued)**

E. **Methods and Assumptions: (Continued)**

Actuarial Cost Method – An actuarial cost method develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Normal Cost Method is used in this valuation. Under this method, the Actuarial Present value of Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between hire age and assumed exit age(s). The portion of the Actuarial Present Value allocated to the valuation year is called the Normal Cost. The portion of the Actuarial Present Value not provided for as of the valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The amortization of the unfunded actuarial accrued liability is being amortized as a level percentage of pay over 30 years on a closed basis.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13: Commitments and Contingencies

The Library leases a postage meter as well as Library space (known as the Station branch) at 1335 New York Avenue in Huntington Station. The lease for space was signed during 2002 and continues until its expiration on June 30, 2022. The minimum monthly rental commitment increases from \$9,800 to \$22,792 over the lease term. In addition the Library is required to pay, as additional rent, an amount equal to 50% of any real estate tax increase over the base tax year of 1997-1998.

During the fiscal year the Library signed a three year lease for a postage meter. The lease agreement calls for monthly payments of \$228.

For the fiscal year ending June 30, 2016 the Library made rental payments for the equipment of \$1,368 and for the space at 1335 New York Avenue of \$203,495.

The future minimum lease commitments are detailed as follows:

Year Ending June 30,	Postage Meter	Station Branch	Total Minimum Commitment
2017	\$ 2,736	\$ 210,120	\$ 212,856
2018	2,736	224,615	227,351
2019	1,368	236,050	237,418
2020	0	247,835	247,835
2021	0	260,440	260,440
2022	0	273,505	273,505
Total	\$ <u>6,840</u>	\$ <u>1,452,565</u>	\$ <u>1,459,405</u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14: 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 funds differ 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	\$5,306,199
Amounts reported in the statement of net position are different because:	
• Capital assets are not financial resources, and are not reported in the funds	3,179,277
• Deferred outflows on pension is not reported in the funds	1,852,571
• Compensated absences, not anticipated to be paid within the next twelve months, are included as a liability	(423,500)
• Capital lease payable is included in the funds	(32,332)
• Net pension liability is included in the funds	(2,081,534)
• The obligation for other post-employment benefits are not reported in the funds	(2,868,889)
• Deferred inflows on pension is not reported in the funds	<u>(358,371)</u>
Total Net Position-Full Accrual Basis	<u>\$4,573,421</u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)

Net Change in Fund Balance-Modified Accrual Basis	\$1,028,992
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	138,826
Depreciation expense	(167,651)
• (Increase)/decrease in the accruals for items reported as an expenditure in the statements of activities, not in the fund statements:	
Compensated absences	(95,693)
Net pension expenses	(102,746)
Obligation for other post-employment benefits	(435,923)
• Copier loan proceeds are not a financing source in the statement of activities, rather they increase liabilities	(34,500)
• Repayments of principal on the copier loan are not an expense in the statement of activities, rather a reduction of the liability	<u>2,168</u>
Change In Net Position-Full Accrual Basis	<u>\$ 333,473</u>

HUNTINGTON PUBLIC 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>
Revenues:				
Tax revenues	\$ 8,817,225	\$ 8,817,225	\$ 8,817,225	\$ 0
Operating Revenue:				
Fines, fees and sales	32,000	32,000	25,420	(6,580)
Program fees	20,000	20,000	16,422	(3,578)
Local Incentive Aid	7,200	7,200	9,679	2,479
Other grants and aid	0	0	24,142	24,142
Copier machine/printing income	12,000	12,000	17,213	5,213
Interest	4,000	4,000	2,788	(1,212)
Books paid	3,000	3,000	1,633	(1,367)
Telephone/fax fees	2,500	2,500	3,366	866
Donations and miscellaneous income	20,000	20,000	17,088	2,912
Total Operating Revenue	<u>100,700</u>	<u>100,700</u>	<u>117,751</u>	<u>17,051</u>
Non-Operating Revenue:				
Transfer from fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 8,917,925</u>	<u>\$ 8,917,925</u>	<u>\$ 8,934,976</u>	<u>\$ 17,051</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 2,200,489	\$ 2,200,489	\$ 2,214,779	\$ (14,290)
Clerical	1,017,085	1,017,085	1,104,684	(87,599)
Custodial/Guard	544,957	544,957	489,845	55,112
Pages	172,412	172,412	126,037	46,375
Total Salaries and wages	<u>3,934,943</u>	<u>3,934,943</u>	<u>3,935,345</u>	<u>(402)</u>
Employee Benefits:				
Retirement	650,000	650,000	616,686	33,314
Social security	301,023	301,023	292,347	8,676
Health insurance	940,000	940,000	1,007,604	(67,604)
Dental and optical plan	80,000	80,000	80,601	(601)
Workers compensation and disability	92,500	92,500	82,563	9,937
Unemployment insurance	5,000	5,000	0	5,000
MTA tax	13,379	13,379	6,069	7,310
Total Employee Benefits	<u>\$ 2,081,902</u>	<u>\$ 2,081,902</u>	<u>\$ 2,085,870</u>	<u>\$ (3,968)</u>

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

BALDESSARI & COSTER LLP

**HUNTINGTON PUBLIC 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>
Expenditures: (continued)				
Library Services/Materials:				
Books - Village - adult	\$ 85,000	\$ 85,000	\$ 71,300	\$ 13,700
Books - Village - children	35,000	35,000	29,271	5,729
Reference/standing orders	53,000	53,000	56,338	(3,338)
Books - Station	38,000	38,000	28,803	9,197
Books - Village - young adult	12,000	12,000	8,980	3,020
Electronic resources	95,000	95,000	80,436	14,564
Book refunds	1,100	1,100	325	775
Processing	46,220	46,220	31,159	15,061
Periodicals	40,000	40,000	48,916	(8,916)
Microfilm/C.D. software/Games	14,000	14,000	1,293	12,707
C.D.'s/Audio Books	32,000	32,000	26,543	5,457
D.V.D.'s/Videos	68,000	68,000	64,525	3,475
Downloadables	90,000	90,000	138,831	(48,831)
Programs - adult	32,000	32,000	45,797	(13,797)
Programs - children	40,000	40,000	33,141	6,859
Programs - young adult	15,000	15,000	13,076	1,924
Programs- Station	30,000	30,000	29,419	581
Programs - literacy/ESL	8,000	8,000	15,000	(7,000)
Programs - senior services	5,500	5,500	6,387	(887)
Museum passes	6,000	6,000	9,520	(3,520)
Public relations/newsletter	64,000	64,000	49,701	14,299
Total Library Materials/Services	<u>\$ 809,820</u>	<u>\$ 809,820</u>	<u>\$ 788,761</u>	<u>\$ 21,059</u>

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

BALDESSARI & COSTER LLP

HUNTINGTON PUBLIC 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>
Expenditures: (continued)				
Library Operations:				
Library and general supplies	\$ 30,000	\$ 30,000	\$ 37,578	\$ (7,578)
Telecommunications	69,600	69,600	74,863	(5,263)
Telephone services	5,000	5,000	4,199	801
General postage	5,000	5,000	1,759	3,241
Printing	8,000	8,000	9,206	(1,206)
Printing supplies	10,000	10,000	3,804	6,196
Integrated library system	60,060	60,060	109,961	(49,901)
Software/automation	30,000	30,000	20,335	9,665
Staff training	13,000	13,000	12,411	589
Travel and professional meetings	20,000	20,000	21,884	(1,884)
Errand service	3,600	3,600	3,600	0
SCLS member services	86,000	86,000	83,377	2,623
Audit and accounting service	10,000	10,000	10,200	(200)
Legal service	30,000	30,000	5,366	24,634
Payroll service	12,000	12,000	13,981	(1,981)
Professional fees - other	10,000	10,000	5,077	4,923
Bibliographic utility	10,000	10,000	9,833	167
Membership	3,000	3,000	3,624	(624)
Copy machine expense	8,000	8,000	4,756	3,244
Equipment maintenance and repair	25,000	25,000	21,861	3,139
Minor furniture & equipment	8,000	8,000	15,221	(7,221)
Annual budget vote	2,300	2,300	2,114	186
Fees and bond	5,200	5,200	4,989	211
Board meetings/travel/miscellaneous	1,000	1,000	7,159	(6,159)
Total Library Operations	<u>\$ 464,760</u>	<u>\$ 464,760</u>	<u>\$ 487,158</u>	<u>\$ (22,398)</u>

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

BALDESSARI & COSTER LLP

HUNTINGTON PUBLIC 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>
Expenditures: (continued)				
Building Operations:				
Rent - Station branch	\$ 225,000	\$ 225,000	\$ 223,749	\$ 1,251
Insurance	48,000	48,000	44,027	3,973
Gas/heat	13,000	13,000	8,332	4,668
Electric/power	150,000	150,000	127,264	22,736
Water	1,250	1,250	1,174	76
Maintenance repairs	30,000	30,000	32,463	(2,463)
Maintenance supplies	25,000	25,000	25,168	(168)
Maintenance services	39,250	39,250	40,976	(1,726)
Total Building Operations	<u>531,500</u>	<u>531,500</u>	<u>503,153</u>	<u>28,347</u>
Capital Outlay:				
Furniture, fixtures and other equipment	76,500	76,500	41,383	35,117
Computers	56,000	56,000	65,924	(9,924)
Building improvement/preservation	962,500	962,500	8,800	953,700
Total Capital Outlay	<u>1,095,000</u>	<u>1,095,000</u>	<u>116,107</u>	<u>978,893</u>
Debt Service:				
Capital lease - Principal			2,168	
Capital lease - Interest			1,682	
Total Debt Service	<u>0</u>	<u>0</u>	<u>3,850</u>	<u>(3,850)</u>
Total Expenditures	<u>8,917,925</u>	<u>8,917,925</u>	<u>7,920,244</u>	<u>997,681</u>
Excess Of Revenues Over Expenditures	0	0	1,014,732	1,014,732
Other Financing Sources (Uses):				
Proceeds from capital lease			34,500	
Transfer to Capital Fund			(962,500)	
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(928,000)</u>	<u>(928,000)</u>
Excess Of Revenues Over Expenditures And Other Financing Uses	0	0	86,732	86,732
Budgetary fund balance- beginning of year	<u>3,277,221</u>	<u>3,277,221</u>	<u>3,277,221</u>	<u>3,277,221</u>
Budgetary Fund Balance - End Of Year	<u>\$ 3,277,221</u>	<u>\$ 3,277,221</u>	<u>\$ 3,363,953</u>	<u>\$ 3,363,953</u>

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

BALDESSARI & COSTER LLP

HUNTINGTON PUBLIC LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2016 FISCAL YEAR**

	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	0.01297%	0.01251%
Library's proportionate share of the net pension liability (asset)	\$2,081,534	\$422,682
Library's covered-employee payroll	\$3,289,464	\$3,215,910
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.27882%	13.14346%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%

** The amounts presented for the fiscal year were determined as of the March 31st that occurred within the fiscal year

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

BALDESSARI & COSTER LLP

**HUNTINGTON PUBLIC LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2016 FISCAL YEAR**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 616,686	426,123
Contributions in relation to the contractually required contribution	<u>616,686</u>	<u>426,123</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>
Library's covered-employee payroll	\$ 3,289,464	3,215,910
Contributions as a percentage of covered-employee payroll	18.75%	13.25%

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

BALDESSARI & COSTER LLP

**HUNTINGTON PUBLIC LIBRARY
SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (d)	UAAL as a percentage of Covered Payroll ((b -a) / d)
7/1/2009	\$ 0	\$ 6,798,505	\$ 6,798,505	0.0%	\$ 3,021,389	225.01%
7/1/2012	\$ 0	\$ 8,069,017	\$ 8,069,017	0.0%	\$ 3,230,001	249.81%
7/1/2015	\$ 0	\$ 9,278,326	\$ 9,278,326	0.0%	\$ 3,199,433	290.00%

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

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