

SEAFORD PUBLIC LIBRARY
TOWN OF HEMPSTEAD, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2015
TOGETHER WITH AUDITOR'S REPORTS

SEAFORD PUBLIC LIBRARY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Seaford Public Library
Town of Hempstead, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Seaford Public Library (the "Library") as of and for the year ended June 30, 2015, and the related notes to 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 and the standards applicable to financial audits contained 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 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.

NawrockiSmith

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 the major fund of the Seaford Public Library as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3, as well as Management's Discussion and Analysis ("MD&A"), in 2015 the Library adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The adoption of Statement No. 68 resulted in a prior-period adjustment. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 3-8 and 32-35, 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2015, on our consideration of the Library'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 Library's internal control over financial reporting and compliance.

Melville, New York
September 3, 2015



SEAFORD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The following is a discussion and analysis of the Library's financial performance for the fiscal year ended June 30, 2015. This section is a summary of the Library's financial activities based on currently known facts, decisions or conditions. It is also based on both the entity-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

PROGRAM AND FINANCIAL HIGHLIGHTS

- As of June 30, 2015, the Library had total assets and deferred outflows of resources of \$2,542,769, total liabilities of \$1,227,973 and net position of \$1,314,796.
- Total revenues for the year ended June 30, 2015 were \$2,098,467 and total expenses were \$2,080,542 resulting in a positive change in net position of \$17,925.
- As of June 30, 2015, the Library's General Fund had fund balance totaling \$1,416,974, which was an increase of \$37,541.
- As described in Note 3 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, for the year ended June 30, 2015. The adoption of Statement No. 68 resulted in a restatement of the Library's opening net position as of July 1, 2014 in the amount of \$150,608, as indicated in Note 13 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two financial statements are *entity-wide* financial statements that provide both *short-term* and *long-term* information about the Library's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Library, reporting the Library's operations in *more detail* than the entity-wide financial statements.
 - The *fund financial statements* tell how the Library's program services and support functions 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 financial statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the Library's budget for the year.

Figure A-1 summarizes the major features of the Library’s financial statements, including the portion of the Library’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the financial statements.

Figure A-1 Major Features of the Entity-Wide and Fund Financial Statements		
	Entity-Wide	Fund
Scope	Entire Library	The current activities of the Library
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and change in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter, no capital assets, or long-term liabilities included
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Entity-Wide Financial Statements

The entity-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Library’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities and Change in Net Position regardless of when cash is received or paid.

The two entity-wide financial statements report the Library’s net position and how it has changed. Net position, the difference between the Library’s assets and liabilities, is one way to measure the Library’s financial health.

- Over time, increases or decreases in the Library's net position are an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the Library’s overall health, you need to consider additional nonfinancial factors such as changes in the Library’s property tax base, changes in population and the condition of facilities.

In the entity-wide financial statements, the Library's activities are shown as *governmental activities*. Most of the Library's basic services are included here, such as regular and special programs for the community, and administration. Property taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds - not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs. Most of the Library's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the entity-wide financial statements, reconciliations of the entity-wide and fund financial statements are provided which explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position increased by 1.4% from the year before to \$1,314,796 as detailed in Tables A-2 and A-3.

Table A-2: Condensed Statements of Net Position

	<u>2014</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 1,471,622	\$ 1,508,713	\$ 37,091	2.5
Capital assets, net	1,011,141	995,055	(16,086)	(1.6)
Total assets	2,482,763	2,503,768	21,005	0.8
Deferred outflows of resources	-	39,001	39,001	100.0
Total assets and deferred outflows of resources	<u>\$ 2,482,763</u>	<u>\$ 2,542,769</u>	<u>\$ 60,006</u>	2.4
Current liabilities	\$ 92,189	\$ 91,739	\$ (450)	(0.5)
Long-term liabilities	1,093,703	1,136,234	42,531	3.9
Total liabilities	<u>\$ 1,185,892</u>	<u>\$ 1,227,973</u>	<u>\$ 42,081</u>	3.5
Net position:				
Net investment in capital assets	\$ 1,011,141	\$ 995,055	\$ (16,086)	(1.6)
Restricted	880,558	939,086	58,528	6.6
Unrestricted	(594,828)	(619,345)	(24,517)	(4.1)
Total net position	<u>\$ 1,296,871</u>	<u>\$ 1,314,796</u>	<u>\$ 17,925</u>	1.4

Changes in Net Position

The Library's fiscal year 2015 revenues totaled \$2,098,467, which is 0.7% greater than fiscal year 2014 (see Table A-3). Property taxes account for 93.40% of total revenues (see Table A-4). The remainder came from building rent and State aid.

The Library's fiscal year 2015 expenses totaled \$2,080,542, which is 2.9% less than fiscal year 2014 (see Table A-3).

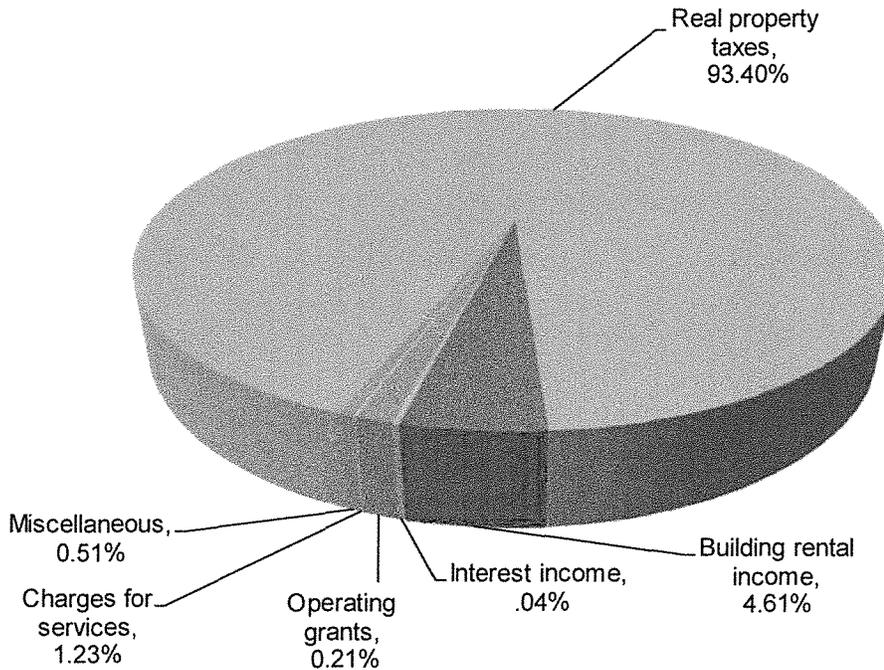
	<u>2014</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Real property taxes	\$ 1,921,547	\$ 1,959,981	\$ 38,434	2.0
Building rental income	98,472	96,788	(1,684)	(1.7)
Charges for services	30,126	25,757	(4,369)	(14.5)
Operating grants	9,606	4,360	(5,246)	(54.6)
Capital grants	6,365	-	(6,365)	(100.0)
Interest income	1,344	926	(418)	(31.1)
Miscellaneous	16,909	10,655	(6,254)	- (37.0)
Total revenues	<u>2,084,369</u>	<u>2,098,467</u>	<u>14,098</u>	0.7
Expenses				
Public library services	<u>2,142,729</u>	<u>2,080,542</u>	<u>(62,187)</u>	(2.9)
Total expenses	<u>2,142,729</u>	<u>2,080,542</u>	<u>(62,187)</u>	(2.9)
Increase (decrease) in net position	<u>\$ (58,360)</u>	<u>\$ 17,925</u>	<u>\$ 76,285</u>	130.7

Expenses from the Library's governmental activities were less than their revenues which resulted in an increase in net position of \$17,925 for the 2015 fiscal year.

The Library's financial condition can continue to be credited to:

- Continued leadership of the Library's Board of Trustees and administration;
- Approval of the Library's proposed annual budget; and
- Community support of the services provided by the Library.

Figure A-4: Sources of Revenues for Fiscal Year 2015



General Fund Budgetary Highlights

The Library's General Fund budget for the 2014-15 fiscal year was authorized by the voters in the amount of \$2,170,226.

The Library's actual revenues were more than actual expenses for the fiscal year in the amount of \$37,541.

- Actual revenues were \$12,664 more than budgetary projections.
- Actual expenditures were \$109,300 less than budget.

A schedule showing the budget amounts compared to the Library's actual financial activity for the General Fund is provided in this report as a required supplementary schedule (page 32).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2015, the Library had invested \$995,055, net of depreciation, in a broad range of capital assets including building improvements, books and other holdings as well as equipment and technology.

	<u>2014</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 27,000	\$ 27,000	\$ -	-
Building and permanent fixtures	504,155	482,358	(21,797)	(4.3)
Machinery and equipment	17,138	18,862	1,724	10.1
Books and audio visual holdings	<u>462,848</u>	<u>466,835</u>	<u>3,987</u>	0.9
Totals	<u>\$ 1,011,141</u>	<u>\$ 995,055</u>	<u>\$ (16,086)</u>	(1.6)

FACTORS BEARING ON THE LIBRARY'S FUTURE

- The Governmental Accounting Standards Board Statement 45 (GASB 45) requires that the Library recognize and report post-employment expenditures in governmental financial statements. GASB 45 recommends a portion of these liabilities be funded once the authorities have established trust funds for that purpose. The Library's unfunded post-employment benefit obligation has been determined to be \$2,983,415. Funding of this liability will place a greater demand on the community in the future.
- The Library is financially sound and proud of its continued community support.
- The Library must maintain careful financial planning and prudent fiscal management in order to preserve its financial stability in the future.
- The real property tax budget for the 2015-2016 fiscal year in the amount of \$1,989,899 was approved by voters. This is an increase of \$29,918 or 1.5% above the previous year's budget.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Library's citizens, taxpayers, customers, investors and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Seaford Public Library
Frank McKenna
Library Director
2234 Jackson Avenue
Seaford, New York 11783
(516) 221-1334

SEAFORD PUBLIC LIBRARY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current assets:	
Cash:	
Unrestricted	\$ 559,735
Restricted	948,978
	1,508,713
Noncurrent assets:	
Capital assets, net of accumulated depreciation of \$3,671,034	
	995,055
	2,503,768
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	39,001
	39,001
	\$ 2,542,769

LIABILITIES

Current liabilities:	
Payables:	
Accounts payable	\$ 15,028
Accrued liabilities	76,711
	91,739
Noncurrent liabilities:	
Long-term liabilities, due after one year:	
Compensated absences	131,006
Other post-employment benefits	892,635
Proportionate share of net pension liability - NYSERS	112,593
	1,136,234
	1,227,973

NET POSITION

Net investment in capital assets	995,055
Restricted	939,086
Unrestricted	(619,345)
	1,314,796
	1,314,796
	\$ 2,542,769

The accompanying notes to financial statements are an
integral part of this statement.

SEAFORD PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		
	Expenses	Charges For Services	Operating Grants	Net (Expense) Revenue and Change in Net Position
Functions and programs:				
Public library services	\$ 2,080,542	\$ 25,757	\$ 4,360	\$ (2,050,425)
General revenues:				
Real property taxes				1,959,981
Building rental income				96,788
Interest income				926
Miscellaneous				10,655
Total general revenues				2,068,350
Change in net position				17,925
Total net position, beginning of year (as restated, see Note 13)				1,296,871
Total net position, end of year				\$ 1,314,796

The accompanying notes to financial statements are an
integral part of this statement.

SEAFORD PUBLIC LIBRARY
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2015

	General
ASSETS	
Cash:	
Unrestricted	\$ 559,735
Restricted	948,978
Total assets	\$ 1,508,713
LIABILITIES	
Payables:	
Accounts payable	\$ 15,028
Accrued liabilities	76,711
Total liabilities	91,739
FUND BALANCE	
Restricted	939,086
Assigned	84,423
Unassigned	393,465
Total fund balance	1,416,974
Total liabilities and fund balance	\$ 1,508,713

The accompanying notes to financial statements are an
integral part of this statement.

SEAFORD PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Fund Balance - Governmental Fund	\$	1,416,974
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Deferred outflow of resources - pension related		39,001
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Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 27,000	
Depreciable	4,639,089	
Accumulated depreciation	<u>(3,671,034)</u>	995,055

Long-term liabilities applicable to the Library's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Compensated absences	(131,006)	
Other post-employment benefits	<u>(892,635)</u>	(1,023,641)

Proportionate share of net pension liability - NYSERS		<u>(112,593)</u>
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Net Position - Governmental Activities	\$	<u><u>1,314,796</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

SEAFORD PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	General
REVENUES	
Real property taxes	\$ 1,959,981
Building rental income	96,788
State aid	4,360
Charges for services	25,757
Interest income	926
Miscellaneous	10,655
Total revenues	2,098,467
EXPENDITURES	
Salaries	1,052,546
Employee benefits	482,389
Materials and programs	188,306
Operations - general	107,815
Operations - building	141,008
Administrative	70,464
Capital outlay	18,398
Total expenditures	2,060,926
Change in fund balance	37,541
Fund balance, beginning of year	1,379,433
Fund balance, end of year	\$ 1,416,974

The accompanying notes to financial statements are an
integral part of this statement.

SEAFORD PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balance - governmental fund	\$	37,541
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation expense exceeds capital outlay in the current period is:

Capital outlay	\$ 229,670		
Depreciation expense	<u>(245,756)</u>		(16,086)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	46,018		
Other post-employment benefits	<u>(126,564)</u>		(80,546)

Decrease in the proportionate share of net pension asset/liability reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

		<u>77,016</u>
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Net change in net position - governmental activities	\$	<u><u>17,925</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

SEAFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Seaford Public Library (the "Library") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

A. Financial reporting entity

The financial reporting entity of the Library consists of (a) the primary government which is the Seaford Public Library, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB.

The accompanying financial statements present the activities of the Library. The Library is not a component unit of another reporting entity. The decision to include a potential component unit in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, there are no component units included in the Library's financial statements.

B. Basis of presentation

Entity-wide financial statements

The Statement of Net Position and the Statement of Activities and Change in Net Position present financial information about the Library's governmental activities. These financial statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State and Federal aid, operating grants, capital grants and other exchange and nonexchange transactions.

The Statement of Activities and Change in Net Position presents a comparison between program expenses and revenues for the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to functional areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, operating and capital grants. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements

The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds. The Library reports the following governmental fund:

General Fund: This is the Library's primary operating fund. It accounts for all financial transactions.

C. Measurement focus and basis of accounting

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund.

D. Property taxes

Real property taxes are levied annually by the Seaford Union Free School District no later than September 1, and become a lien on July 1. Taxes are collected by the Town of Hempstead during the period 2014-2015 and remitted to the School District, who in turn remits receipts collected for the Library on a monthly basis.

In Nassau County, as provided in the Nassau County Charter, the County makes up any shortfall created by uncollected property taxes, whether for the school district, the school district public library, or an association library receiving voter approved funding from the school district. That portion of those remitted funds representing delinquent library taxes must then be remitted by the school district to the library.

E. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period.

Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

G. Cash and investments

The Library's cash and cash equivalents consist of cash on hand and demand deposits. New York State law governs the Library's investment policies. Resources must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the State and its municipalities. Investments are stated at fair value.

H. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

I. Inventories

Purchases of inventoriable items are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

J. Capital assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the entity-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Building	\$ 500	15-50 years
Permanent fixtures	500	5-20 years
Machinery and equipment	500	5-20 years
Books and audio visual holdings	500	10 years

K. Deferred outflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category. This item is related to pensions reported in the entity-wide Statement of Net Position. This represents the effect of the net change in the Library's proportion of the collective net pension liability and difference during the measurement period between the Library's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

L. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has no items that qualify for reporting in this category.

M. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation. Sick leave eligibility and accumulation is specified in Board policies, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Library employees are granted vacation in varying amounts, based primarily on service, position and Board policy. Some earned benefits may be forfeited if not taken within specified time periods.

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

N. Other benefits

Library employees participate in the New York State Employees' Retirement System.

In addition to providing pension benefits, the Library provides post-employment health insurance coverage to retired employees and their families in accordance with the provisions of employment contracts in effect at the time of retirement. Substantially all of the Library's employees may become eligible for these benefits if they reach normal retirement age while working for the Library. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Library and the retired employee. The Library recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

O. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the entity-wide financial statements. In the governmental fund, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from the governmental fund, are reported as a liability in the fund financial statements.

Long-term obligations represent the Library's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

P. Net position:

In the entity-wide financial statements, there are three classes of net position:

Net investment in capital asset - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, the portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - reports all other net positions that does not meet the definition of the above two classifications and are deemed to be available for general use by the Library.

Q. Fund financial statements

In the fund financial statements, there are five classifications of fund balance:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Library has no nonspendable fund balances as of June 30, 2015.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Library has established the following restricted fund balances:

Repair and capital improvements

Must be used to repair the roof, gutters, windows, and other structures resulting from leaks and water damage. Reserve can also be used for the cost of repairs and additions to capital improvements or equipment.

Employee benefit accrued liability

Must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service.

Unemployment insurance

Must be used to pay for the cost of reimbursement for payments made to claimants where the employer has elected to use the benefit reimbursement method.

Restricted fund balance includes the following:

General Fund:

Repair and capital improvements	\$	780,528
Employee benefit accrued liability		152,689
Unemployment insurance		<u>5,869</u>

Total restricted fund balance \$ 939,086

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision making authority, i.e. the Board of Trustees. The Library has no committed fund balances as of June 30, 2015.

Assigned - Includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Amounts appropriated for the subsequent year totaling \$84,423 was classified as assigned fund balance.

Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the Library.

Order of Use of Fund Balance

The Library's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. Nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

2. **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND ENTITY-WIDE FINANCIAL STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the entity-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental fund.

A. Total fund balance of governmental fund vs. net position of governmental activities

Total fund balance of the Library's governmental fund differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

B. Statement of Revenues, Expenditures and Change in Fund Balance vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures and Change in Fund Balance and the Statement of Activities fall into one of four broad categories as follows:

1. Long-term revenue differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension differences

Pension differences occur as a result of changes in the Library's proportion of the collective net pension asset/(liability) and differences between the Library's contributions and its proportionate share of the total contributions to the pension systems.

3. **CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2015, the Library implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Amendment to GASB Statement No. 27) and GASB Statement No. 71, Pension Transition for contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the Library to report as an asset and/or liability its portion of the collective net pension's asset and liability in the NYSERS system. The implementation of the Statements also requires the Library to report a deferred outflow and/or inflow for the effect of the net change in the Library's proportion of the collective net pension asset and/or liability and difference during the measurement period between the Library's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the Library contributions to the pension systems subsequent to the measurement date. See Note 13 for the financial statement impact of implementation of these Statements.

4. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Library administration prepares a proposed budget for approval by the Board of Trustees for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the community approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

5. **CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

The Library's investment policies are governed by State statutes. In addition, the Library has its own written investment policy. Library monies must be deposited in Federal Deposit Insurance Corporations ("FDIC") insured commercial banks or trust companies located within the State. The Library is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of U.S. Treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Custodial credit risk - deposit/investments: Custodial credit risk for deposits exist when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Library's custodial banks in the Library's name. They consisted of:

Uncollateralized	\$	-
Collateralized with securities held by the pledging financial institutions, in the Library's name	\$	1,438,468

Credit risk: State law limits investments to those authorized by State statutes. The Library has a written investment policy.

Interest-rate risk: Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid potential loss.

Concentration of credit risk: Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of June 30, 2015, the Library did not have any investments subject to credit risk, interest-rate risk, or concentration of credit risk.

6. CAPITAL ASSETS

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Capital assets that are depreciated:				
Building and permanent fixtures	1,491,453	39,833	(8,714)	1,522,572
Machinery and equipment	154,686	2,517	-	157,203
Books and audio visual holdings	<u>2,768,766</u>	<u>190,548</u>	<u>-</u>	<u>2,959,314</u>
Total depreciable historical cost	<u>4,414,905</u>	<u>232,898</u>	<u>(8,714)</u>	<u>4,639,089</u>
Less accumulated depreciation:				
Building and permanent fixtures	987,298	52,916	-	1,040,214
Machinery and equipment	137,548	6,279	(5,486)	138,341
Books and audio visual holdings	<u>2,305,918</u>	<u>186,561</u>	<u>-</u>	<u>2,492,479</u>
Total accumulated depreciation	<u>3,430,764</u>	<u>245,756</u>	<u>(5,486)</u>	<u>3,671,034</u>
Total capital assets, net	<u>\$ 1,011,141</u>	<u>\$ (12,858)</u>	<u>\$ (3,228)</u>	<u>\$ 995,055</u>

7. LONG-TERM DEBT OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 177,024	\$ 17,545	\$ 63,563	\$ 131,006	\$ -
Other post-employment benefits	<u>766,071</u>	<u>237,738</u>	<u>111,174</u>	<u>892,635</u>	<u>-</u>
Total long-term liabilities	<u>\$ 943,095</u>	<u>\$ 255,283</u>	<u>\$ 174,737</u>	<u>\$ 1,023,641</u>	<u>\$ -</u>

8. **PENSION PLAN**

General information

The Library participates in the New York State Employees' Retirement System ("NYSERS" or "System").

Plan descriptions and benefits provided

Employees' Retirement System

The New York State and Local Employees' Retirement System is a cost-sharing, multiple-employer retirement system. NYSERS 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 NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, 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 Library also participates in the Public Employees' Group Life Insurance Plan ("NYSGLIP"), which provides death benefits in the form of life insurance. NYSERS is included within New York 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS tier V and VI employees, employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 183,200
2014	153,473
2013	128,998

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The net pension asset/(liability) was measured as of April 1, 2014 for NYSERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Library's proportion of the net pension asset/(liability) was based on a projection of the Library's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSERS System in reports provided to the Library.

At June 30, 2015, the Library reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for NYSERS.

	<u>NYSERS</u>
Actuarial valuation date	April 1, 2014
Net pension asset (liability)	\$ (112,593)
Library's portion of the Plan's total net pension asset (liability)	0.00333%

For the year ended June 30, 2015, the Library recognized pension expense of \$183,200 for NYSERS. At June 30, 2015, the Library's reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - NYSERS</u>
Difference between expected experience and actual experience	\$ 3,604
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	19,556
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	15,841
Employer contributions subsequent to the measurement date	-
Total	<u>\$ 39,001</u>

Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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>NYSERS</u>	
For the year ended:		
2016	\$	9,750
2017		9,750
2018		9,750
2019		9,750
2020		-
Thereafter		-

Actuarial assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>NYSERS</u>	
Measurement date	March 31, 2015	
Actuarial valuation date	April 1, 2014	
Interest rate	7.50%	
Salary scale	4.90%	
Decrement tables	April 1, 2005 to March 31, 2010 System's Experience	
Inflation rate	2.70%	

For NYSERS, annuitant mortality rates are based on April 1, 2005 - March 31, 2010 system's experience with adjustments for mortality improvements based on MP-2014.

For NYSERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term 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 weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>NYSERS</u>
Measurement date	March 31, 2015
Asset type	
Absolute return strategies	3.00%
Bonds and mortgages	18.00%
Cash	2.00%
Domestic equity	38.00%
Inflation-indexed bonds	2.00%
International equity	13.00%
Opportunistic portfolio	3.00%
Private equity	10.00%
Real assets	3.00%
Real estate	8.00%
	<u>100.00%</u>

Discount rate

The discount rate used to calculate the total pension liability was 7.5% for NYSERS. 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 Library's proportionate share of the net pension liability calculated using the discount rate of 7.5% for NYSERS, as well as what the Library's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5% for NYSERS) or 1-percentage point higher (8.5% for NYSERS) than the current rate:

<u>NYSERS</u>	<u>1% Decrease (6.5%)</u>	<u>Current assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ 750,481	\$ (112,593)	\$ (425,943)

Pension plan fiduciary net position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)
	<u>NYSERS</u>
Valuation date	April 1, 2014
Employers' total pension asset/(liability)	\$ 164,591,504
Plan net position	<u>161,213,259</u>
Employers' net pension asset/(liability)	<u>\$ (3,378,245)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	97.95%

Payables to the pension plan

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier.

9. POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

Plan description and annual other post-employment benefits ("OPEB") cost

The Library provides post-employment (health insurance) coverage to retired full-time employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Library's contractual agreements.

The Library has implemented GASB Statement 45. This required the Library to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 8 retired employees receive health benefits from the Library. Retirees contribute 0% to 20% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The Library recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2015, the Library recognized \$111,174 for its share of insurance premiums for currently enrolled retirees.

The Library has obtained an actuarial valuation report as of July 1, 2012 which indicates that the total liability for other post-employment benefits is \$2,983,415.

The Library's annual other post-employment benefit (OPEB) cost (expense) for its plan is calculated based on the *annual required contribution (ARC)* of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 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:

	For the Year Ended <u>June 30, 2015</u>
Annual required contribution	\$ 244,631
Interest on net OPEB obligation	22,982
Adjustment to annual required contribution	<u>(29,875)</u>
Annual OPEB cost	237,738
Contributions made	<u>111,174</u>
Increase in net OPEB obligation	126,564
Net OPEB obligation – beginning of year	<u>766,071</u>
Net OPEB obligation – end of year	<u>\$ 892,635</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$ 237,738	47%	\$ 892,635
6/30/13	220,051	48%	646,685
6/30/14	228,353	48%	766,071

Funded status and funding progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,983,415 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,983,415. The covered payroll (annual payroll of active employees covered by the plan) was \$753,741, and the ratio of the UAAL to the covered payroll was 395.8%. Actuarial valuations of an ongoing plan involve 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 financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 actuarial 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.

In the July 1, 2012 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 3% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5.0% after 10 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was 24 years.

10. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

11. CONTINGENCIES AND COMMITMENTS

Government grants

The Library has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the Library's administration believes disallowances, if any, will be immaterial.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012 through at least June 15, 2016, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2% or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law. In July 2015, the Real Property Tax Cap Laws were extended to June 15, 2020.

12. FUTURE ACCOUNTING STANDARDS

GASB has issued Statement No. 72, Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. The Statement will require disclosures regarding the level of fair value hierarchy and valuation techniques. It will also require additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The Library is currently studying the Statement and plans on adoption when required, which will be for the year ending June 30, 2016.

GASB has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB"), which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The Library is currently studying the Statement and plans on adoption when required, which will be for the year ending June 30, 2018.

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles ("GAAP") for State and Local Governments, which identifies the hierarchy of generally accepted accounting principles, by reducing the hierarchy to two categories of authoritative GAAP and the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Library is currently studying the Statement and plans on adoption when required, which will be for the year ending June 30, 2016.

GASB has issued Statement No. 77, Tax Abatement Disclosures, which will require disclosure regarding tax abatement agreements, specifically: a brief description, the gross dollar amount of taxes abated, and commitments made by the government, other than to abate taxes, as part of a tax abatement agreement. The Library is currently studying the Statement and plans on adoption when required, which will be for the year ending June 30, 2016.

13. PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2015, the Library implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Amendment to GASB Statement No. 27). The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources and liability related to the Library's participation in the New York State Employees' Retirement System. The Library's net position has been restated as follows:

Balance as of July 1, 2014, as previously stated	\$ 1,447,479
GASB Statement No. 68 implementation:	
Less: Beginning System liability - Employees' Retirement System	<u>(150,608)</u>
Balance as of July 1, 2014, as restated	<u>\$ 1,296,871</u>

14. SUBSEQUENT EVENTS

The Library has evaluated subsequent events occurring after the Statement of Net Position through the date of September 3, 2015, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

REQUIRED
SUPPLEMENTARY
INFORMATION

SEAFORD PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Better (Worse)
REVENUES			
Local sources:			
Real property taxes	\$ 1,959,981	\$ 1,959,981	\$ -
Building rental income	98,472	96,788	(1,684)
State aid	-	4,360	4,360
Charges for services	27,350	25,757	(1,593)
Interest income	-	926	926
Miscellaneous	-	10,655	10,655
Total revenues	2,085,803	2,098,467	12,664
Other sources:			
Appropriated reserves	84,423	-	(84,423)
Total revenues and other sources	2,170,226	2,098,467	(71,759)
EXPENDITURES			
Salaries:			
Professional	653,404	648,777	4,627
Clerical	325,296	327,886	(2,590)
Cleaners	45,292	45,378	(86)
Pages	38,110	30,505	7,605
Employee benefits:			
Health insurance	235,000	214,376	20,624
Social Security	81,665	77,941	3,724
Unemployment insurance	188,830	183,200	5,630
Dental insurance	7,681	6,872	809
Library materials and programs:			
Books	118,000	110,897	7,103
DVD's	14,000	13,693	307
Books on tape and CD's	36,000	25,772	10,228
Software	1,200	1,141	59
Periodicals/Online databases	42,500	36,803	5,697
Library operations - general:			
Library supplies	21,000	20,430	570
Publicity	5,000	4,396	604
Dues	1,150	1,427	(277)
Programs	44,900	44,522	378
NLS delivery fee	13,368	13,368	-
Rental and repair of office equipment/service contracts	30,630	23,672	6,958
Library operations - building:			
Natural gas	6,000	4,629	1,371
Electric	38,000	36,441	1,559
Telephone	15,000	20,909	(5,909)
Water	2,000	1,567	433
Sewer usage fees	2,100	-	2,100
Custodial supplies	5,000	4,648	352
Repairs and maintenance/service contracts	92,000	69,414	22,586
Other expenses	3,000	3,400	(400)
Administrative expenses:			
Postage	12,500	10,699	1,801
Insurance	38,850	40,087	(1,237)
Professional fees	8,850	3,220	5,630
Budget vote	3,200	4,857	(1,657)
Professional improvement	4,700	3,101	1,599
Accounting and audit	8,000	8,500	(500)
Capital outlay:			
Equipment and furniture	28,000	18,398	9,602
Total expenditures	2,170,226	2,060,926	109,300
Change in fund balance	-	37,541	\$ 37,541
Fund balance, beginning of year	1,379,433	1,379,433	
Fund balance, end of year	\$ 1,379,433	\$ 1,416,974	

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

REQUIRED
SUPPLEMENTARY
INFORMATION

SEAFORD PUBLIC LIBRARY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED JUNE 30, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
06/30/13	\$ -	\$ 2,983,415	\$ 2,983,415	0.0%	\$ 753,741	395.8%
06/30/13	-	2,884,118	2,884,118	0.0%	735,358	392.2%
06/30/13	-	2,788,327	2,788,327	0.0%	717,422	388.7%

SEAFORD PUBLIC LIBRARY
SCHEDULE OF LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
Library's proportionate share of the net pension liability	0.00333%	0.00333%	N/A							
Library's proportionate share of the net pension liability	\$ (113)	\$ (150)	N/A							
Library's covered payroll	\$ 1,053	\$ 995	N/A							
Library's proportionate share of the net pension liability as a percentage of covered payroll	-10.73%	-15.08%	N/A							
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.20%	N/A							

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SEAFORD PUBLIC LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

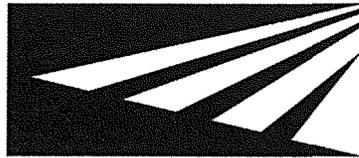
	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
Contractually required contribution	\$ 183	\$ 153	\$ 129	\$ 96	\$ 61	\$ 72	\$ 75	\$ 77	\$ 78	\$ 81
Contributions in relation to the contractually required contribution	183	153	129	96	61	72	75	77	78	81
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,053	\$ 995	N/A							
Contributions as a percentage of covered-employee payroll	17.38%	15.38%	N/A							

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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
Seaford Public Library
Town of Hempstead, 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 and the major fund of the Seaford Public Library (the "Library"), as of and for the year ended June 30, 2015 and the related notes to financial statements which collectively comprise the Library's financial statements and have issued our report thereon dated September 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library'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.

NawrockiSmith

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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.

Melville, New York
September 3, 2015

