

*VOORHEESVILLE PUBLIC LIBRARY*

*FINANCIAL STATEMENTS*

*JUNE 30, 2010 AND 2009*

*VOORHEESVILLE PUBLIC LIBRARY*

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*JUNE 30, 2010 AND 2009*

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# VOORHEESVILLE PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2010 AND 2009

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The following is a discussion and analysis of the Library's financial performance for the fiscal year ended June 30, 2010, with comparative information for 2009. 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 government-wide and fund-based financial statements. The results of the current year are discussed. This section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

- Net government-wide net assets of the Library were \$ 901,989 at June 30, 2010 as compared to \$897,975 at June 30, 2009;
- Government-wide revenues were \$984,912 for the year ended June 30, 2010 as compared to \$973,250 for the year ended June 30, 2009.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and notes to financial statements. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements are *government-wide* financial statements that provide both *short-term* and *long-term* information about the Library's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Library, reporting the Library's operations in *more detail* than the government-wide statements.
- The *notes to financial statements* explain some of the information in the statements and provide more detailed data.

## **GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Library's net assets and how they are changed. Net assets, the difference between the Library's assets and liabilities, is one way to measure the financial health or position.

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

## **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:

- The General Fund is required by State Law
- The Library establishes other funds to control and to manage money for particular purposes (such as the expendable trust fund) or to show that it is properly using certain revenues (such as the building fund).

The Library has one major type of fund:

- ***Governmental Funds:*** All 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 governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds' statements can explain the relationship (or differences) between them.

**VOORHEESVILLE PUBLIC LIBRARY**  
*MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)*  
JUNE 30, 2010 AND 2009

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**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

**Table A-1: Condensed Statement of Net Assets  
(in thousands)**

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	<b>Fiscal Year <u>2010</u></b>	<b>Fiscal Year <u>2009</u></b>
Current and Other Assets	\$ 312	\$ 339
Capital Assets, Net of Depreciation	<u>783</u>	<u>807</u>
Total Assets	<u>1,095</u>	<u>1,146</u>
Short-Term Liabilities	104	149
Long-Term Liabilities	<u>89</u>	<u>99</u>
Total Liabilities	<u>193</u>	<u>248</u>
Net assets		
Invested in Capital Assets, Net of Related Debt	723	717
Designated	87	83
Unrestricted	<u>92</u>	<u>98</u>
Total Net Assets	<u>\$ 902</u>	<u>\$ 898</u>

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**VOORHEESVILLE PUBLIC LIBRARY**  
*MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)*  
JUNE 30, 2010 AND 2009

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**Table A-2: Changes in Net Assets from Operating Results  
(in thousands)**

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	<b>Fiscal Year <u>2010</u></b>	<b>Fiscal Year <u>2009</u></b>
<b>Revenues</b>		
Program Revenues		
Operating Grants	\$ 11	\$ 26
General Revenues		
Property Taxes	948	919
Desk Receipts	19	20
Interest Income	-	2
Donations	2	1
Memorial Fund Revenue	<u>5</u>	<u>5</u>
Total Revenues	<u>985</u>	<u>973</u>
<b>Expenses</b>		
General Support	882	865
Special Programs	10	23
Employee Benefits	<u>89</u>	<u>62</u>
Total Expenses	<u>981</u>	<u>950</u>
<b>Increase in Net Assets</b>	<u>\$ 4</u>	<u>\$ 23</u>

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**VOORHEESVILLE PUBLIC LIBRARY**  
*MANAGEMENT'S DISCUSSION*  
*AND ANALYSIS (UNAUDITED) (CONTINUED)*  
*JUNE 30, 2010 AND 2009*

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**CAPITAL ASSETS**

As of June 30, 2010 and 2009, the Library had \$782,807 and \$806,863, respectively, (net of accumulated depreciation) invested in various land, building, furniture and equipment. The library materials (books, videos, etc.) are not capitalized, as it is not practical to determine their net realizable values.

**LONG-TERM LIABILITIES**

As of June 30, 2010 and 2009, the Library had \$37,696 and \$39,058, respectively, in compensated absences. As of June 30, 2010 and 2009, the Library had \$60,000 and \$90,000, respectively, in serial bond payable.

**DESCRIPTION OF CURRENT AND EXPECTED CONDITIONS**

At the time these financial statements were prepared and audited, the Library was not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activities of the Library in the near future.

**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 finances and to demonstrate the Library's accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

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Gail Alter Sacco, Director  
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Voorheesville, NY  
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**INDEPENDENT AUDITOR'S REPORT**

To the Trustees of the  
Voorheesville Public Library

We have audited the accompanying financial statements of Voorheesville Public Library as of and for the years ended June 30, 2010 and 2009, as listed in the Table of Contents. These financial statements are the responsibility of the management of Voorheesville Public Library. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Voorheesville Public Library at June 30, 2010 and 2009, and the respective changes in financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 26 through 27 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 response 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.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
December 20, 2010

**VOORHEESVILLE PUBLIC LIBRARY**

STATEMENTS OF NET ASSETS

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash		
Unrestricted	\$ 224,329	\$ 253,176
Restricted	78,627	75,071
Accounts and Grants Receivable	1,796	2,090
Prepaid Expenses	7,672	8,610
Capital Assets, Net	<u>782,807</u>	<u>806,863</u>
 Total Assets	 <u>1,095,231</u>	 <u>1,145,810</u>
 <b>Liabilities</b>		
Payables		
Serial Bond Payable, Due Within 1 Year	30,000	30,000
Accounts Payable	8,994	9,695
Accrued Liabilities	20,861	23,827
Due to Employees Retirement System, Due Within 1 Year	43,759	82,657
Deferred Revenue	-	2,598
Long-Term Liabilities		
Serial Bond Payable	30,000	60,000
Compensated Absences	37,696	39,058
Due to Employees Retirement System	<u>21,932</u>	<u>-</u>
 Total Liabilities	 <u>193,242</u>	 <u>247,835</u>
 <b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	722,807	716,863
Unrestricted, Designated for:		
Encumbrances	5,942	4,716
Trust Funds	23,792	20,792
Library Expansion	47,195	47,189
Subsequent Year's Expenditures	10,000	10,000
Unrestricted	<u>92,253</u>	<u>98,415</u>
 Total Net Assets	 <u>\$ 901,989</u>	 <u>\$ 897,975</u>

**VOORHEESVILLE PUBLIC LIBRARY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
General Support	\$ (881,685)	\$ 19,007	\$ 5,710	\$ (856,968)
Special Programs	(10,546)	-	5,127	(5,419)
Employee Benefits	<u>(88,667)</u>	<u>-</u>	<u>-</u>	<u>(88,667)</u>
	<u>\$ (980,898)</u>	<u>\$ 19,007</u>	<u>\$ 10,837</u>	<u>(951,054)</u>
 <u>General Revenues</u>				
Real Property Taxes				948,133
Interest Income				380
Donations				1,510
Memorial Fund Revenue				<u>5,045</u>
Total General Revenues				<u>955,068</u>
Change in Net Assets				4,014
Total Net Assets, Beginning of Year				<u>897,975</u>
Total Net Assets, End of Year				<u>\$ 901,989</u>

**VOORHEESVILLE PUBLIC LIBRARY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charge for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
General Support	\$ (864,697)	\$ 19,919	\$ 5,355	\$ (839,423)
Special Programs	(23,080)	-	20,793	(2,287)
Employee Benefits	<u>(62,396)</u>	<u>-</u>	<u>-</u>	<u>(62,396)</u>
	<u>\$ (950,173)</u>	<u>\$ 19,919</u>	<u>\$ 26,148</u>	<u>(904,106)</u>
 <u>General Revenues</u>				
Real Property Taxes				918,734
Interest Income				1,711
Donations				1,155
Memorial Fund Revenue				<u>5,583</u>
Total General Revenues				<u>927,183</u>
Change in Net Assets				23,077
Total Net Assets, Beginning of Year				<u>874,898</u>
Total Net Assets, End of Year				<u>\$ 897,975</u>

**VOORHEESVILLE PUBLIC LIBRARY**

*BALANCE SHEET-GOVERNMENTAL FUNDS*

JUNE 30, 2010

		<u>Special Revenue Funds</u>			
		<u>Expendable</u>			
	<u>General</u>	<u>Trust</u>	<u>Building</u>		<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
<b>Assets</b>					
Unrestricted Cash	\$ 224,329	\$ -	\$ -		\$ 224,329
Restricted Cash	-	23,342	55,285		78,627
Accounts Receivable	734	450	-		1,184
Grants Receivable	612	-	-		612
Prepaid Expenses	7,672	-	-		7,672
Due from Building Fund	8,090	-	-		8,090
Due from Expendable Trust Fund	1,710	-	-		1,710
Total Assets	<u>\$ 243,147</u>	<u>\$ 23,792</u>	<u>\$ 55,285</u>		<u>\$ 322,224</u>
<b>Liabilities</b>					
Accounts Payable	\$ 8,994	\$ -	\$ -		\$ 8,994
Accrued Liabilities	20,861	-	-		20,861
Due to Employees Retirement System	43,759	-	-		43,759
Due to General Fund	-	1,710	8,090		9,800
Total Liabilities	<u>73,614</u>	<u>1,710</u>	<u>8,090</u>		<u>83,414</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	5,942	-	-		5,942
Reserved for Library Expansion	-	-	47,195		47,195
Reserved for Trust Funds	-	22,082	-		22,082
Unreserved-					
Designated for Subsequent Year's Expenditures	10,000	-	-		10,000
Unrestricted	153,591	-	-		153,591
Total Fund Balances	<u>169,533</u>	<u>22,082</u>	<u>47,195</u>		<u>238,810</u>
Total Liabilities and Fund Balances	<u>\$ 243,147</u>	<u>\$ 23,792</u>	<u>\$ 55,285</u>		<u>\$ 322,224</u>

Reconciliation of total fund balances to total net assets in the Statement of Net Assets

Total balances for governmental funds	\$ 238,810
Capital assets used in governmental activities are not financial resources	782,807
Long term liabilities, representing compensated absences that are not due and payable in the current period	(37,696)
Long term liabilities, including serial bonds payable, that are not due and payable in the current period	(60,000)
Long term liabilities, representing due to Employees Retirement System that are not due and payable in the current period	<u>(21,932)</u>
Net assets of governmental activities	<u>\$ 901,989</u>

**VOORHEESVILLE PUBLIC LIBRARY**

BALANCE SHEET-GOVERNMENTAL FUNDS

JUNE 30, 2009

		<u>Special Revenue Funds</u>		
		<u>Expendable</u>		
	<u>General</u>	<u>Trust</u>	<u>Building</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<b>Assets</b>				
Unrestricted Cash	\$ 253,176	\$ -	\$ -	\$ 253,176
Restricted Cash	-	19,792	55,279	75,071
Accounts Receivable	90	1,000	-	1,090
Grants Receivable	1,000	-	-	1,000
Prepaid Expenses	8,610	-	-	8,610
Due from Building Fund	8,090	-	-	8,090
Total Assets	<u>\$ 270,966</u>	<u>\$ 20,792</u>	<u>\$ 55,279</u>	<u>\$ 347,037</u>
<b>Liabilities</b>				
Accounts Payable	\$ 9,695	\$ -	\$ -	\$ 9,695
Accrued Liabilities	23,827	-	-	23,827
Due to Employees Retirement System	82,657	-	-	82,657
Deferred Revenue	2,598	-	-	2,598
Due to General Fund	-	-	8,090	8,090
Total Liabilities	<u>118,777</u>	<u>-</u>	<u>8,090</u>	<u>126,867</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	4,716	-	-	4,716
Reserved for Library Expansion	-	-	47,189	47,189
Reserved for Trust Funds	-	20,792	-	20,792
Unreserved-				
Designated for Subsequent Year's Expenditures	10,000	-	-	10,000
Unrestricted	137,473	-	-	137,473
Total Fund Balances	<u>152,189</u>	<u>20,792</u>	<u>47,189</u>	<u>220,170</u>
Total Liabilities and Fund Balances	<u>\$ 270,966</u>	<u>\$ 20,792</u>	<u>\$ 55,279</u>	<u>\$ 347,037</u>

Reconciliation of total fund balances to total net assets in the Statement of Net Assets

Total balances for governmental funds	\$ 220,170
Capital assets used in governmental activities are not financial resources	806,863
Long term liabilities, representing compensated absences that are not due and payable in the current period	(39,058)
Long term liabilities, including serial bonds payable, that are not due and payable in the current period	(90,000)
Net assets of governmental activities	<u>\$ 897,975</u>

**VOORHEESVILLE PUBLIC LIBRARY**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Expendable Trust Fund</u>	<u>Building Fund</u>	
<b>Revenues</b>				
Property Taxes	\$ 948,133	\$ -	\$ -	\$ 948,133
Desk Receipts	19,007	-	-	19,007
Interest Income	86	288	6	380
Donations	1,510	-	-	1,510
Grants	9,837	1,000	-	10,837
Memorial Fund Revenue	-	5,045	-	5,045
Total Revenues	<u>978,573</u>	<u>6,333</u>	<u>6</u>	<u>984,912</u>
<b>Expenditures</b>				
Salaries	572,670	-	-	572,670
Payroll Taxes	43,921	-	-	43,921
Equipment	5,792	-	-	5,792
Library Material	89,087	4,995	-	94,082
Grant Expenses	3,121	-	-	3,121
Supplies	17,599	48	-	17,647
Telephone	6,734	-	-	6,734
Postage and Freight	2,714	-	-	2,714
Publicity and Printing	4,876	-	-	4,876
Travel and Conferences	2,239	-	-	2,239
Automated Services	8,078	-	-	8,078
Professional Fees	39,154	-	-	39,154
Membership Fees	601	-	-	601
Repairs and Maintenance	28,241	-	-	28,241
Fuel and Utilities	20,849	-	-	20,849
Insurance	8,396	-	-	8,396
Special Programs	7,426	-	-	7,426
Employee Benefits	66,735	-	-	66,735
Miscellaneous	566	-	-	566
Debt Service	32,430	-	-	32,430
Total Expenditures	<u>961,229</u>	<u>5,043</u>	<u>-</u>	<u>966,272</u>
Excess of Revenues Over Expenditures	17,344	1,290	6	18,640
Fund Balances-Beginning of Year	<u>152,189</u>	<u>20,792</u>	<u>47,189</u>	<u>220,170</u>
Fund Balances-End of Year	<u>\$ 169,533</u>	<u>\$ 22,082</u>	<u>\$ 47,195</u>	<u>\$ 238,810</u>

**VOORHEESVILLE PUBLIC LIBRARY**  
*COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES*  
*IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)*  
*FOR THE YEAR ENDED JUNE 30, 2010*

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Reconciliation of total expenditures

Total expenditures on governmental funds statement	\$ 966,272
Capital asset acquisitions	(9,454)
Serial bond principal payment	(30,000)
Depreciation expense	33,510
Net change in compensated absences	(1,362)
Change in Non-current portion of employee retirement system	<u>21,932</u>
 Total expenses on government-wide statement	 <u>\$ 980,898</u>

**VOORHEESVILLE PUBLIC LIBRARY**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Expendable Trust Fund</u>	<u>Building Fund</u>	<u>Total</u>
<b>Revenues</b>				
Property Taxes	\$ 918,734	\$ -	\$ -	\$ 918,734
Desk Receipts	19,919	-	-	19,919
Interest Income	1,133	403	175	1,711
Donations	1,155	-	-	1,155
Grants	26,148	-	-	26,148
Memorial Fund Revenue	-	5,583	-	5,583
Total Revenues	<u>967,089</u>	<u>5,986</u>	<u>175</u>	<u>973,250</u>
<b>Expenditures</b>				
Salaries	551,569	-	-	551,569
Payroll Taxes	41,941	-	-	41,941
Library Expansion	-	-	1,144	1,144
Equipment	10,480	-	-	10,480
Library Material	79,064	9,385	-	88,449
Grant Expenses	27,210	-	-	27,210
Supplies	13,376	-	-	13,376
Telephone	9,595	-	-	9,595
Postage and Freight	3,687	-	-	3,687
Publicity and Printing	4,814	-	-	4,814
Travel and Conferences	1,921	-	-	1,921
Automated Services	7,607	-	-	7,607
Professional Fees	31,046	-	-	31,046
Membership Fees	641	-	-	641
Repairs and Maintenance	32,605	-	-	32,605
Fuel and Utilities	23,980	-	-	23,980
Insurance	10,089	-	-	10,089
Special Programs	5,449	-	-	5,449
Employee Benefits	62,396	-	-	62,396
Miscellaneous	327	-	-	327
Debt Service	33,402	-	-	33,402
Total Expenditures	<u>951,199</u>	<u>9,385</u>	<u>1,144</u>	<u>961,728</u>
Excess (Deficiency) of Revenues Over Expenditures	15,890	(3,399)	(969)	11,522
Fund Balances-Beginning of Year	<u>136,299</u>	<u>24,191</u>	<u>48,158</u>	<u>208,648</u>
Fund Balances-End of Year	<u>\$ 152,189</u>	<u>\$ 20,792</u>	<u>\$ 47,189</u>	<u>\$ 220,170</u>

**VOORHEESVILLE PUBLIC LIBRARY**  
*COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES*  
*IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)*  
*FOR THE YEAR ENDED JUNE 30, 2009*

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Reconciliation of total expenditures

Total expenditures on governmental funds statement	\$ 961,728
Capital asset acquisitions	(20,059)
Serial bond principal payment	(30,000)
Depreciation expense	34,247
Net change in compensated absences	<u>4,257</u>
 Total expenses on government-wide statement	 <u><u>\$ 950,173</u></u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

The Library is organized pursuant to Section 255 of the Education Law of the State of New York representing a public library superimposed on the Voorheesville Central School District, and was chartered by the N.Y.S. Education Department in 1949.

**B. Basis of Presentation**

The Library's basic financial statements consist of Government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Library as a whole. The statement of net assets presents the financial condition of the governmental activities of the Library at year end. The statement of activities presents a comparison between direct expenses and grant revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Grant revenues are shown as restricted to meeting the operational requirements of a particular function.

**Fund Financial Statements** - The fund statements provide information about the Library's funds. Separate statements for each fund category are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund - The general fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Expendable Trust Fund - The expendable trust fund is used to account for gifts and memorial donations received by the Library.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (Continued)**

Special Revenue Funds (Continued)

2. Building Fund - The building fund is used to account for the expenditure of money resulting from the sale of the former library building and the expansion of the new building. The expenditures are limited to improving and furnishing the new Library and any surplus shall be used for the support of the Library as the voters of the District shall direct.

**C. Measurement Focus and Basis of Accounting**

The District-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 transactions take 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 governmental fund 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 60 days after the end of the fiscal year.

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

**D. Cash and Cash Equivalents**

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. Collateral is required for demand and time deposits not covered by FDIC insurance.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Capital Assets and Depreciation**

Capital assets are reported at actual or estimated historical cost based on appraisal of deflated current replacement costs. Contributed assets are reported at estimated fair market values at the time received.

Capital assets in excess of \$300 per item are depreciated in the government-wide financial statements using the straight-line method with capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: building - 39 years, building improvements - 15 years, machinery and equipment - 5-10 years, and furniture and fixtures 3-5 years.

**F. Property Taxes**

Real property taxes are levied annually by the Board of Trustees in a separate resolution on the same assessment as the Voorheesville Central School District. Uncollected real property taxes are substantially enforced by the county in which the district is located.

**G. Vested Employee Benefits**

The Library's employees are granted vacation in varying amounts, based primarily on length of service and position. Vacation leave used is based on a last-in, first-out basis. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated vacation leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect for the subsequent fiscal year.

**H. Budgetary Procedures and Budgetary Accounting**

The Library administration prepares a proposed budget for approval by the board of trustees.

The proposed appropriation budget for the general fund was approved by the voters within the district.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Budgetary Procedures and Budgetary Accounting (Continued)**

Appropriations are adopted at the program level. Appropriations established by adoption of the budget constitute a limitation on the expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists that was not initially determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

**I. Deferred Revenue**

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Library has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

**J. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing overexpenditures of established appropriations. Open encumbrances are reported as a reservation of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**K. Fund Balance**

Portions of fund balance are segregated for future use, and are therefore not available for appropriation or expenditure. Designations of unreserved fund balances indicates tentative plans for future use.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Fund Balance (Continued)**

The Library's fund balance is comprised of various components.

a. Reserves

The Library's fund balance includes reserves established for the following purposes:

<u>Fund</u>	<u>Reservation Purposes</u>	<u>Balance June 30, 2010</u>	<u>Balance June 30, 2009</u>
General	Reserve for encumbrances	\$ 5,942	\$ 4,716
Trust Fund	Memorial trust	22,082	20,792
Building Fund	Reserve for Library expansion	<u>47,195</u>	<u>47,189</u>
		<u>\$ 75,219</u>	<u>\$ 72,697</u>

b. Unreserved

General Fund - Designated for subsequent year's expenditures.

**L. Pension Plan**

Plan Description

The Library participates in the New York State and Local Employee Retirement System (ERS). The system is a cost-sharing multiple employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12224.

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement Systems after July 27, 1976 who contribute 3% of their salary. Effective October 1, 2000, employees with greater than ten years of service are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Pension Plan (Continued)**

Funding Policy (Continued)

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

2010	\$	32,113
2009	\$	36,744
2008	\$	38,499

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

**M. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<b><u>July 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>June 30, 2010</u></b>
Land	\$ 154,706	\$ -	\$ -	\$ 154,706
Building	617,660	4,093	-	621,753
Equipment	205,159	5,361	-	210,520
Furniture and Fixtures	131,187	-	-	131,187
Land Improvements	1,800	-	-	1,800
Construction in Progress	<u>26,218</u>	<u>-</u>	<u>-</u>	<u>26,218</u>
	<u>1,136,730</u>	<u>9,454</u>	<u>-</u>	<u>1,146,184</u>
Less: Accumulated Depreciation:				
Building	54,692	15,974	-	70,666
Equipment	159,744	13,627	-	173,371
Furniture and Fixtures	114,891	3,789	-	118,680
Land Improvements	<u>540</u>	<u>120</u>	<u>-</u>	<u>660</u>
	<u>329,867</u>	<u>33,510</u>	<u>-</u>	<u>363,377</u>
Net Capital Assets	<u>\$ 806,863</u>	<u>\$ (24,056)</u>	<u>\$ -</u>	<u>\$ 782,807</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$33,510 and \$34,247, respectively.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Indebtedness**

1. Long-Term Debt

	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest</b>	<b>Outstanding at June 30, 2010</b>
Serial Bond	12/15/07	6/15/12	3.24%	<u>\$ 60,000</u>

Serial bond activity for the year ended June 30, 2010 was as follows:

	<b>July 1, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2010</b>
Serial Bond	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 60,000</u>

The Library's future debt requirements are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 30,000	\$ 1,458	\$ 31,458
2012	<u>30,000</u>	<u>486</u>	<u>30,486</u>
	<u>\$ 60,000</u>	<u>\$ 1,944</u>	<u>\$ 61,944</u>

Interest expense for the years ended June 30, 2010 and 2009 was \$2,430 and \$3,402, respectively.

**O. Subsequent Events**

Management has evaluated subsequent events or transactions occurring through December 20, 2010, the date the financial statements were available to be issued.

**P. Reclassification**

Certain 2009 amounts have been reclassified to conform to the current year presentation.

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide 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 government-wide financial statements as compared with the current financial resources focus on the governmental funds.

A. Total fund balances of governmental funds as compared to net assets of governmental activities:

Total fund balances of the District's governmental funds differ from net assets of governmental activities reported in the statement of net assets. This difference primarily results from the additional long term economic focus of the statement of net assets versus the current financial resources of the governmental fund balance sheets as it relates to capital assets and compensated absences.

B. Statement of Revenues, Expenditures and Changes in Fund Balance as compared to the Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities are primarily a result of capital related items. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

**3. CASH AND INVESTMENTS**

Available deposits at year-end were entirely covered by Federal Deposit Insurance or by collateral held by a bank in the Library's name. The following is a summary of the amounts collateralized at June 30, 2010:

Amounts insured by FDIC	\$ 250,000
Collateral held by a bank in the Library's name	<u>66,259</u>
Total	316,259
Bank balances	<u>314,966</u>
Excess collateral	<u><u>\$ 1,293</u></u>

**4. OPERATING ACTIVITIES**

During the course of normal operations, the Library records transactions between funds including transfers between funds to finance various projects.

Interfund receivable and payable balances arising from these transactions as of June 30, 2010 are as follows:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
General Fund	\$ 9,800	\$ -
Expendable Trust Fund	-	1,710
Building Fund	-	8,090
	<u>\$ 9,800</u>	<u>\$ 9,800</u>

**5. ADDITIONAL DISCLOSURES**

1. Budget Modifications

The 2009-2010 operating budget activity is summarized as follows:

Original adopted budget	\$ 988,600
Revisions:	
Carryover of encumbrances	8,509
Revised Budget	<u>\$ 997,109</u>

2. In-kind Contributions

The Library does not record in-kind contributions since they are relatively immaterial in amount and not easily susceptible to valuation.

**6. COMMITMENTS AND CONTINGENCY**

1. Unemployment Insurance

Effective January 11, 1979, unemployment insurance coverage became mandatory for governmental entities. Governmental entities were permitted to discharge their liability by either (a) contribution tax method, or (b) benefit reimbursement method. The Library has elected to pay using the benefit reimbursement method, whereby the Library will reimburse the Unemployment Insurance Fund for all benefits paid to former employees of the Library.

**6. COMMITMENTS AND CONTINGENCY (CONTINUED)**

2. Employee Retirement System

On August 4, 2010 the Library accepted the Board of Education's proposal for repaying a retirement obligation from previous years. The total liability of \$21,932 is to be repaid in annual installments of \$5,483 over the next four years.

3. Compensated Absences

The Library does not accrue a liability for accumulating nonvesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, nonvesting sick leave is considered a contingent liability. The Library estimates approximately \$64,061 in accumulated, nonvested sick leave at June 30, 2010.

4. New Library Proposal

In September 2006, voters approved a proposal to purchase 5.6 acres of land behind the Library. The land was subsequently purchased in December 2006 for \$107,806. The land will either be used to expand the existing building or to build a new one, depending on a future resident vote. A \$150,000 bond anticipation note was issued in December 2006 for the land acquisition and library design fees, which in December 2007 was converted to a serial bond.

**VOORHEESVILLE PUBLIC LIBRARY**  
 STATEMENT OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL -GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Favorable (Unfavorable) Variance</b>
<b>Revenues</b>						
Property Taxes	\$ 948,136	\$ -	\$ 948,136	\$ 948,133	\$ -	\$ (3)
Desk Receipts	20,000	-	20,000	19,007	-	(993)
Interest Income	2,000	-	2,000	86	-	(1,914)
Donations	3,000	-	3,000	1,510	-	(1,490)
Grants	5,464	-	5,464	9,837	-	4,373
Total Revenues	978,600	-	978,600	<u>\$ 978,573</u>	<u>\$ -</u>	<u>\$ (27)</u>
Appropriated Fund Balance	10,000	8,509	18,509			
Total Revenues and Appropriated Fund Balance	<u>\$ 988,600</u>	<u>\$ 8,509</u>	<u>\$ 997,109</u>			
<b>Expenditures</b>						
Salaries	\$ 558,000	\$ 13,308	\$ 571,308	\$ 572,670	\$ -	\$ (1,362)
Payroll Taxes	42,600	968	43,568	43,921	-	(353)
Equipment	14,000	(2,078)	11,922	5,792	-	6,130
Library Material	85,100	4,529	89,629	89,087	4,716	(4,174)
Grant Expenses	-	3,121	3,121	3,121	-	-
Supplies	11,000	5,716	16,716	17,599	-	(883)
Telephone	13,000	(4,184)	8,816	6,734	-	2,082
Postage and Freight	4,000	(739)	3,261	2,714	-	547
Publicity and Printing	6,800	-	6,800	4,876	-	1,924
Travel and Conferences	1,500	739	2,239	2,239	-	-
Automated Services	11,000	(1,592)	9,408	8,078	-	1,330
Professional Fees	35,000	4,155	39,155	39,154	-	1
Membership Fees	700	(54)	646	601	-	45
Repairs and Maintenance	32,900	(1,123)	31,777	28,241	-	3,536
Fuel and Utilities	25,200	(1,742)	23,458	20,849	-	2,609
Insurance	11,000	-	11,000	8,396	-	2,604
Special Programs	6,600	826	7,426	7,426	-	-
Employee Benefits	91,700	(13,412)	78,288	66,735	-	11,553
Miscellaneous	500	71	571	566	-	5
Debt Service	38,000	-	38,000	32,430	-	5,570
Total Expenditures	<u>\$ 988,600</u>	<u>\$ 8,509</u>	<u>\$ 997,109</u>	<u>\$ 961,229</u>	<u>\$ 4,716</u>	<u>\$ 31,164</u>

**VOORHEESVILLE PUBLIC LIBRARY**  
 STATEMENT OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL -GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Budget Changes</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues</b>						
Property Taxes	\$ 918,736	\$ -	\$ 918,736	\$ 918,734	\$ -	\$ (2)
Desk Receipts	20,000	-	20,000	19,919	-	(81)
Interest Income	4,500	-	4,500	1,133	-	(3,367)
Donations	3,000	-	3,000	1,155	-	(1,845)
Grants	<u>5,464</u>	<u>-</u>	<u>5,464</u>	<u>26,148</u>	<u>-</u>	<u>20,684</u>
Total Revenues	951,700	-	951,700	<u>\$ 967,089</u>	<u>\$ -</u>	<u>\$ 15,389</u>
Appropriated Fund Balance	<u>10,000</u>	<u>30,148</u>	<u>40,148</u>			
Total Revenues and Appropriated Fund Balance	<u>\$ 961,700</u>	<u>\$ 30,148</u>	<u>\$ 991,848</u>			
<b>Expenditures</b>						
Salaries	\$ 542,000	\$ 13,826	\$ 555,826	\$ 551,569	\$ -	\$ 4,257
Payroll Taxes	40,300	1,641	41,941	41,941	-	-
Equipment	12,000	(528)	11,472	10,480	-	992
Library Material	85,100	-	85,100	79,064	4,716	1,320
Grant Expenses	-	27,210	27,210	27,210	-	-
Supplies	11,000	1,710	12,710	13,376	-	(666)
Telephone	11,800	(1,985)	9,815	9,595	-	220
Postage and Freight	4,000	(51)	3,949	3,687	-	262
Publicity and Printing	6,400	-	6,400	4,814	-	1,586
Travel and Conferences	1,500	421	1,921	1,921	-	-
Automated Services	7,500	107	7,607	7,607	-	-
Professional Fees	26,500	4,547	31,047	31,046	-	1
Membership Fees	700	-	700	641	-	59
Repairs and Maintenance	46,400	(11,363)	35,037	32,605	-	2,432
Fuel and Utilities	25,200	(1,062)	24,138	23,980	-	158
Insurance	11,000	(650)	10,350	10,089	-	261
Special Programs	6,600	-	6,600	5,449	-	1,151
Employee Benefits	93,200	(11,675)	81,525	62,396	-	19,129
Miscellaneous	500	-	500	327	-	173
Debt Service	<u>30,000</u>	<u>8,000</u>	<u>38,000</u>	<u>33,402</u>	<u>-</u>	<u>4,598</u>
Total Expenditures	<u>\$ 961,700</u>	<u>\$ 30,148</u>	<u>\$ 991,848</u>	<u>\$ 951,199</u>	<u>\$ 4,716</u>	<u>\$ 35,933</u>