

**CRANDALL PUBLIC LIBRARY  
GLENS FALLS, NEW YORK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Crandall Public Library  
Glens Falls, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crandall Public Library (the "Library") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crandall Public Library as of December 31, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 6 and 28 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information on page 32 as described in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of Crandall Public Library's internal control over financial reporting and on our tests of it 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 Crandall Public Library's internal control over financial reporting and compliance.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
February 28, 2018

# CRANDALL PUBLIC LIBRARY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2017

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*This discussion and analysis is intended to be an easily readable analysis of Crandall Public Library's financial activities during the calendar year ended December 31, 2017. This information is presented in conjunction with the audited financial statements which follow this section.*

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017:**

- Total revenues increased by \$303,179 or 6.97% from \$4,350,387 for the year ended December 31, 2016 to \$4,653,566 for the year ended December 31, 2017.
- The General Fund revenues totaled \$4,073,668 while General Fund expenditures were \$3,516,942 for the year ended December 31, 2017.
- Property tax revenues decreased by \$199 or 0.01% from \$3,387,440 to \$3,387,241.
- Investment income increased by \$353,049. The increase was due to improved market performance leading to higher unrealized investment gains during the year.
- Total expenses increased by \$349,063 or 8.88% from \$3,932,602 for the year ended December 31, 2016 to \$4,281,665 for the year ended December 31, 2017. The increase was mainly the result of higher employee benefit expenses.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the following three parts: Management's Discussion and Analysis, Financial Statements, and Other Required Supplementary Information. The Financial Statements include notes which explain in detail some of the information in the basic financial statements.

#### **BASIC FINANCIAL STATEMENTS**

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets of the Library, the liabilities it owes, and the net difference. The net difference is further separated in amounts invested in capital assets, restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on the revenue and expenses of the Library. This statement summarizes and simplifies the user's analysis to determine the extent to which the Library's programs are self-supporting and/or subsidized by general revenues.
- Fund Financial Statements focus separately on governmental funds. Government fund financial statements follow the more traditional presentation of financial statements.
- The Notes to the Financial Statements provide additional discussions required by governmental accounting standards and provide information to assist the reader in understanding the Library's financial condition.

This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operations between the current and prior year.

A condensed version of the Statement of Net Position at December 31, 2017 and 2016 is as follows:

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Change (Increase, - Decrease)</b>	<b>% Change (Increase, - Decrease)</b>
<b>Assets</b>				
Cash and investments	\$ 3,815,063	\$ 3,551,728	\$ 263,335	7.41
Other assets	62,458	59,927	2,531	4.22
Restricted assets	2,146,271	1,941,553	204,718	10.54
Capital assets	10,269,844	10,619,503	(349,659)	(3.29)
<b>Total Assets</b>	<b>16,293,636</b>	<b>16,172,711</b>	<b>120,925</b>	<b>0.75</b>
<b>Deferred Outflows of Resources</b>				
Pensions	550,456	902,390	(351,934)	(39.00)
<b>Total Deferred Outflows of Resources</b>	<b>550,456</b>	<b>902,390</b>	<b>(351,934)</b>	<b>(39.00)</b>
<b>Liabilities</b>				
Other liabilities	521,878	809,637	(287,759)	-35.54
Deferred revenues	1,600,536	1,584,541	15,995	1.01
Bonds payable	9,385,000	9,690,000	(305,000)	-3.15
<b>Total Liabilities</b>	<b>11,507,414</b>	<b>12,084,178</b>	<b>(576,764)</b>	<b>-4.77</b>
<b>Deferred Inflows of Resources</b>				
Pensions	67,386	87,647	(20,261)	-23.12
Deferred bond premium	111,812	117,697	(5,885)	-5.00
<b>Total Deferred Inflows of Resources</b>	<b>179,198</b>	<b>205,344</b>	<b>(26,146)</b>	<b>-12.73</b>
<b>Net Position</b>				
Net investment in capital assets	895,165	941,064	(45,899)	-4.88
Restricted	691,568	722,046	(30,478)	-4.22
Unrestricted	3,570,747	3,122,469	448,278	14.36
<b>Total Net Position</b>	<b>\$ 5,157,480</b>	<b>\$ 4,785,579</b>	<b>\$ 371,901</b>	<b>7.77</b>

A condensed version of the Statement of Activities for the years ending December 31, 2017 and 2016 is as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Change (Increase, - Decrease)</u>	<u>% Change (Increase, - Decrease)</u>
<b>Revenues</b>				
Real property taxes	\$ 3,387,241	\$ 3,387,440	\$ (199)	(0.01)
Library charges	93,960	106,237	(12,277)	(11.56)
Investment income	581,556	228,507	353,049	154.50
Contributions and bequests	338,158	366,573	(28,415)	(7.75)
Grants and state aid	204,275	201,532	2,743	1.36
Other revenue	48,376	60,098	(11,722)	(19.50)
<b>Total Revenue</b>	<u>4,653,566</u>	<u>4,350,387</u>	<u>303,179</u>	<u>6.97</u>
<b>Expenses</b>				
Personal services	1,823,996	1,768,809	55,187	3.12
Employee benefits	759,450	449,515	309,935	68.95
Contractual expenses	1,698,219	1,714,278	(16,059)	-0.94
<b>Total Expenses</b>	<u>4,281,665</u>	<u>3,932,602</u>	<u>349,063</u>	<u>8.88</u>
<b>Change in Net Position</b>	<u>\$ 371,901</u>	<u>\$ 417,785</u>	<u>\$ (45,884)</u>	<u>10.98</u>

#### CAPITAL ASSETS

At December 31, 2017 and 2016, the Library had \$10,269,844 and \$10,619,503, respectively, invested in capital assets consisting primarily of building improvements, furniture, fixtures and equipment.

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Change (Increase, - Decrease)</u>	<u>% Change (Increase, - Decrease)</u>
Building improvements	\$ 13,756,964	\$ 13,756,964	\$ 0	0.00
Furniture, fixtures and equipment	3,211,653	3,233,102	(21,449)	-0.66
Less: accumulated depreciation	<u>(6,698,773)</u>	<u>(6,370,563)</u>	<u>(328,210)</u>	<u>5.15</u>
<b>Net Capital Assets</b>	<u>\$ 10,269,844</u>	<u>\$ 10,619,503</u>	<u>\$ (349,659)</u>	<u>-3.29</u>

## LONG-TERM DEBT

At December 31, 2017 and 2016, the Library had \$9,385,000 and \$9,690,000 of bonds outstanding, respectively. More detailed information about the Library's long-term liabilities is presented in the notes to the financial statements.

### Outstanding Long-Term Debt

	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Change</u> <u>(Increase,</u> <u>- Decrease)</u>	<u>% Change</u> <u>(Increase,</u> <u>- Decrease)</u>
Bonds Payable	<u>\$ 9,385,000</u>	<u>\$ 9,690,000</u>	<u>\$ (305,000)</u>	-3.15

## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the only fund for which a budget is legally adopted. There were no major variances between budgeted and actual revenues or expenses for the general fund for the year ended December 31, 2017.

## CONCLUSION

The Library looks forward to 2018 as they continue to serve the public.

## ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Library's users (citizens, taxpayers, customers, donors and creditors) with an overview of the Library's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact the Library Director at 251 Glen Street, Glens Falls, New York 12801.



**CRANDALL PUBLIC LIBRARY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

**ASSETS:**

Cash	
Unrestricted	\$ 876,674
Restricted	180,702
Investments	
Unrestricted	2,938,389
Restricted	1,965,569
Receivables	8,050
Prepaid expenses and other assets	54,408
Capital Assets	
Building improvements	13,756,964
Furniture, fixtures and equipment	3,211,653
Less: accumulated depreciation	<u>(6,698,773)</u>
<b>Net Capital Assets</b>	<u>10,269,844</u>
<b>Total Assets</b>	<u>16,293,636</u>

**DEFERRED OUTFLOWS OF RESOURCES:**

Pensions	<u>550,456</u>
<b>Total Deferred Outflows of Resources</b>	<u>550,456</u>

**LIABILITIES:**

Accounts payable	35,739
Accrued expenses	58,943
Deferred revenues	1,600,536
Bonds payable due and payable within one year	315,000
Long-term liabilities	
Net pension liability - proportionate share	427,196
Bonds payable due and payable after one year	<u>9,070,000</u>
<b>Total Liabilities</b>	<u>11,507,414</u>

**DEFERRED INFLOWS OF RESOURCES:**

Pensions	67,386
Deferred bond premium	<u>111,812</u>
<b>Total Deferred Inflows of Resources</b>	<u>179,198</u>

**NET POSITION:**

Net investment in capital assets	895,165
Restricted	
Library	691,568
Unrestricted	<u>3,570,747</u>
<b>Total Net Position</b>	<u>\$ 5,157,480</u>

See notes to financial statements.

**CRANDALL PUBLIC LIBRARY**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**REVENUES**

Real property taxes	\$ 3,387,241
Library charges	93,960
Investment income	102,419
Gain on investments	479,137
Gifts and donations	131,232
Legacies and bequests	206,926
Library system grants	144,103
State aid	60,172
Special events	43,556
Other revenue	4,820
<b>Total Revenues</b>	<b>4,653,566</b>

**EXPENDITURES**

Personal services	
Certified librarians	614,186
Para-professionals	645,778
Non-professionals	564,032
<b>Total Personal Services</b>	<b>1,823,996</b>
Employee benefits	
State retirement system	272,462
Payroll taxes	134,797
Workers compensation	12,838
Disability insurance	7,048
Medical insurance	330,735
Other employee benefits	1,570
<b>Total Employee Benefits</b>	<b>759,450</b>
Contractual expenditures	
Books, records and audio visual materials	199,034
Serials	58,017
Automation expenses	79,966
Bookbinding	1,043
Rental, repair and maintenance of office equipment	20,033
Fuel and utilities	105,782
Telephone	5,314
Repairs to building and building equipment	93,074
Insurance	28,959
Office and library supplies	24,354
Postage and freight	5,978
Publicity and printing	4,207
Travel	1,785
Membership dues	3,204
Professional fees	104,393
Miscellaneous	29,056
Programming costs	1,293
Other operation and maintenance expenses	18,470
Bond interest expense	338,578
Special programs and grant related expenses	114,685
Special events expenses	18,166
Friends expenses	17,572
Depreciation expense	425,256
<b>Total Contractual Expenditures</b>	<b>1,698,219</b>
<b>Total Expenditures</b>	<b>4,281,665</b>

**CHANGE IN NET POSITION**

371,901

**TOTAL NET POSITION - BEGINNING OF YEAR**

4,785,579

**TOTAL NET POSITION - END OF YEAR**

\$ 5,157,480

See notes to financial statements.

**CRANDALL PUBLIC LIBRARY**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**DECEMBER 31, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash					
Unrestricted	\$ 741,636	\$ 351	\$ 124,366	\$ 10,321	\$ 876,674
Restricted	78,289	102,413	0	0	180,702
Investments					
Unrestricted	0	0	2,938,389	0	2,938,389
Restricted	0	1,965,569	0	0	1,965,569
Receivables	8,050	0	0	0	8,050
Due from other funds	0	0	0	1,247	1,247
Prepaid expenses and other assets	54,408	0	0	0	54,408
<b>TOTAL ASSETS</b>	<u><u>\$ 882,383</u></u>	<u><u>\$ 2,068,333</u></u>	<u><u>\$ 3,062,755</u></u>	<u><u>\$ 11,568</u></u>	<u><u>\$ 6,025,039</u></u>
<b>LIABILITIES</b>					
Accounts payable	\$ 35,739	\$ 0	\$ 0	\$ 0	\$ 35,739
Accrued expenses	58,943	0	0	0	58,943
Due to other funds	1,247	0	0	0	1,247
Deferred revenue	52,716	1,547,820	0	0	1,600,536
<b>Total liabilities</b>	148,645	1,547,820	0	0	1,696,465
<b>FUND BALANCES</b>					
Restricted - Reserved for library purposes	78,289	0	613,279	0	691,568
Assigned	0	520,513	0	11,568	532,081
Unassigned					
Board designated for unemployment	40,166	0	0	0	40,166
Undesignated	615,283	0	2,449,476	0	3,064,759
<b>Total fund balances</b>	<u><u>733,738</u></u>	<u><u>520,513</u></u>	<u><u>3,062,755</u></u>	<u><u>11,568</u></u>	<u><u>4,328,574</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 882,383</u></u>	<u><u>\$ 2,068,333</u></u>	<u><u>\$ 3,062,755</u></u>	<u><u>\$ 11,568</u></u>	<u><u>\$ 6,025,039</u></u>

**CRANDALL PUBLIC LIBRARY**

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION**

**DECEMBER 31, 2017**

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Total fund balance - governmental funds balance sheet	\$ 4,328,574
Add:	
Capital assets, net of accumulated depreciation	10,269,844
Pensions	<u>550,456</u>
Total	10,820,300
Less:	
Bonds payable	9,385,000
Net pension liability - proportionate share	427,196
Pensions	67,386
Deferred bond premium	<u>111,812</u>
Total	<u>9,991,394</u>
<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 5,157,480</u></u></b>

See notes to financial statements.

**CRANDALL PUBLIC LIBRARY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>General</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes	\$ 3,387,241	\$ 0	\$ 0	\$ 0	\$ 3,387,241
Library charges	93,960	0	0	0	93,960
Investment income	1,658	39,948	60,806	7	102,419
Gain on investments	0	153,031	326,106	0	479,137
Gifts and donations	131,232	0	0	0	131,232
Legacies and bequests	206,926	0	0	0	206,926
Library system grants	144,103	0	0	0	144,103
State aid	60,172	0	0	0	60,172
Special events	43,556	0	0	0	43,556
Other revenue	4,820	0	0	0	4,820
<b>Total Revenues</b>	<b>4,073,668</b>	<b>192,979</b>	<b>386,912</b>	<b>7</b>	<b>4,653,566</b>
<b>EXPENDITURES</b>					
Personal services					
Certified librarians	614,186	0	0	0	614,186
Para-professionals	645,778	0	0	0	645,778
Non-professionals	564,032	0	0	0	564,032
<b>Total Personal Services</b>	<b>1,823,996</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,823,996</b>
Employee benefits					
State retirement system	224,751	0	0	0	224,751
Payroll taxes	134,797	0	0	0	134,797
Workers compensation	12,838	0	0	0	12,838
Disability insurance	7,048	0	0	0	7,048
Medical insurance	330,735	0	0	0	330,735
Other employee benefits	1,570	0	0	0	1,570
<b>Total Employee Benefits</b>	<b>711,739</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>711,739</b>

See notes to financial statements.

**CRANDALL PUBLIC LIBRARY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS –  
(CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>EXPENDITURES (CONTINUED)</b>	<b>General</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
Capital and equipment outlays	75,597	0	0	0	75,597
Contractual expenditures					
Books and audio visual materials	199,034	0	0	0	199,034
Serials	58,017	0	0	0	58,017
Automation expenses	79,966	0	0	0	79,966
Bookbinding	1,043	0	0	0	1,043
Rental, repair and maintenance of office equipment	20,033	0	0	0	20,033
Fuel and utilities	105,782	0	0	0	105,782
Telephone	5,314	0	0	0	5,314
Repairs to building and building equipment	93,074	0	0	0	93,074
Insurance	28,959	0	0	0	28,959
Office and library supplies	24,354	0	0	0	24,354
Postage and freight	5,978	0	0	0	5,978
Publicity and printing	4,207	0	0	0	4,207
Travel	1,785	0	0	0	1,785
Membership dues	3,204	0	0	0	3,204
Professional fees	75,618	10,912	17,863	0	104,393
Miscellaneous	29,056	0	0	0	29,056
Programming costs	1,293	0	0	0	1,293
Other operation and maintenance expenses	18,470	0	0	0	18,470
Bond principal payments	0	0	0	305,000	305,000
Bond interest expense	0	0	0	344,463	344,463
Special programs and grant related expenses	114,685	0	0	0	114,685
Special events expenses	18,166	0	0	0	18,166
Friends expenses	17,572	0	0	0	17,572
<b>Total Contractual Expenditures</b>	<b>905,610</b>	<b>10,912</b>	<b>17,863</b>	<b>649,463</b>	<b>1,583,848</b>
<b>Total Expenditures</b>	<b>3,516,942</b>	<b>10,912</b>	<b>17,863</b>	<b>649,463</b>	<b>4,195,180</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>556,726</b>	<b>182,067</b>	<b>369,049</b>	<b>(649,456)</b>	<b>458,386</b>
<b>OTHER FINANCING SOURCES AND USES</b>					
Interfund transfers	(486,778)	0	(162,685)	649,463	0
<b>Total Other Financing Sources and Uses</b>	<b>(486,778)</b>	<b>0</b>	<b>(162,685)</b>	<b>649,463</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>69,948</b>	<b>182,067</b>	<b>206,364</b>	<b>7</b>	<b>458,386</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>663,790</b>	<b>338,446</b>	<b>2,856,391</b>	<b>11,561</b>	<b>3,870,188</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 733,738</b>	<b>\$ 520,513</b>	<b>\$ 3,062,755</b>	<b>\$ 11,568</b>	<b>\$ 4,328,574</b>

See notes to financial statements

**CRANDALL PUBLIC LIBRARY**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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<b>REVENUES - STATEMENT OF ACTIVITIES</b>		\$ 4,653,566
<b>EXPENDITURES</b>	\$ 4,195,180	
Add:		
Depreciation	425,256	
Pensions	47,711	
	<u>472,967</u>	
Deduct:		
Principal payment on bond	305,000	
Change in fixed assets	75,597	
Amortization of bond premium	5,885	
	<u>386,482</u>	
<b>EXPENDITURES - STATEMENT OF ACTIVITIES</b>		<u>4,281,665</u>
<b>CHANGE IN NET POSITION</b>		<u>\$ 371,901</u>

See notes to financial statements.

# CRANDALL PUBLIC LIBRARY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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### **NOTE 1 – REPORTING ENTITY**

The Crandall Public Library is a special library district governed by the laws of the State of New York. On November 3, 1992, the voters of the City of Glens Falls, Town of Moreau and Town of Queensbury approved the special library district. The governing body is the Board of Trustees.

The scope of activities included within the financial statements are those transactions which comprise the library district operations and are governed by, or significantly influenced by, the Board of Trustees. Essentially, the primary function of the library district is to provide library services to the residents of the City of Glens Falls, Town of Moreau and Town of Queensbury.

The Crandall Public Library is an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The creation of the special library district does not affect the Library's tax exempt status.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Basic Financial Statements**

Basic financial statements are prepared at both the government-wide and fund financial level.

Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of internal activity has been removed from these statements. These statements focus on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The Library reports both governmental and fiduciary type funds.

#### **B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-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 when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures are recorded when the related fund liability is incurred.

The Library reports the following funds:

General Fund – is the principal operating fund of the Library District and is used to account for all financial resources except those required to be accounted for in another fund.



**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – (Continued)**

Capital Projects Fund – is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities and equipment.

Expendable Trust Fund – is used to account for endowment fund investments owned by the Library District.

Debt Service Fund – is used to account for the bond proceeds and debt repayment of the Library District.

**C. Budget and Budgetary Accounting**

As required by the special legislation enacting the special taxing district for Crandall Public Library, the Library adopts an annual budget encompassing all of its governmental funds. The annual budget is prepared in accordance with the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The annual budget is legally enacted through passage by vote of the taxpayers of the three municipalities which support the special taxing district. The annual vote of the budget takes place on election day in November of the preceding year.

Once a budget is approved, it can be amended by a majority vote of the Board of Trustees. Amendments are presented to the Board at their regular meeting and are reflected in the official minutes of the Board.

**D. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve applicable appropriations, is employed by the Library.

**E. Cash and Cash Equivalents**

For financial statement purposes, all highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

**F. Investments**

Investments are stated at fair market value as of the end of the year. Gifts and bequests are recorded at fair market value at the date of the donation.

**G. Inexhaustible Collections and Books**

The values of existing inexhaustible collections, including research books, are not readily determinable and have not been capitalized. Books used in the circulating library have not been capitalized because their estimated useful lives are less than one year.

CRANDALL PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**H. Fine Arts Collection**

The Library maintains a fine arts collection of Pictures, Books and Individual Pages, and miscellaneous articles. At the present time, an inventory listing is maintained on the fine arts collection; however, the value of the collection has not been reflected on the Library's Balance Sheet. Estimated market values at December 31, 2017 are as follows:

Fine Arts	\$ 532,895
Books and Individual Pages	<u>281,375</u>
TOTAL	<u>\$ 814,270</u>

**I. Capital Assets**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life in excess of two years. Capital assets are recorded at cost if purchased or constructed and at fair market value if donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible assets is provided on the straight-line basis over the following estimated useful lives:

Building Improvements	10 – 40 years
Furniture, Fixtures & Equipment	5 – 10 years

**J. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The 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. There is one item that qualifies for reporting in this category. This item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Library's proportion of the collective net pension asset or liability and difference during the measurement period between the Library's contributions and its proportion share of total contributions to the pension system not included in pension expense.

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 two items that qualify for reporting in this category. The first item is related to the deferred bond premium on the Library's bonds payable. The second item is related to pensions reported in the Library's proportion of the collective net pension liability (ERS system) and difference during the measurement periods between the Library's contributions and its proportionate share of the total contributions to the pension system not included in pension expense.

**CRANDALL PUBLIC LIBRARY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**J. Deferred Outflows and Inflows of Resources – (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017, the Library reported the following (liability) for its proportionate share of the net pension (liability) of the New York State Employees' Retirement System (ERS). The net pension (liability) was measured as of March 31, 2017. The total pension (liability) used to calculate the net pension (liability) was determined by an actuarial valuation. The Library's proportion of the net pension (liability) was based on a projection of the Library's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Library.

	<u>ERS</u>
Actuarial valuation date	April 1, 2016
Net pension asset (liability)	\$ (427,196)
Library's portion of the Plan's total net pension asset (liability)	.0045465%
Change in proportion since the prior measurement date	.0001157%

For the year ended December 31, 2017, the Library's recognized pension expense was \$224,751. At December 31, 2017, the Library's reported deferred outflows and deferred inflows of resources related to pensions were:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>ERS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 10,705	\$ 64,872
Changes of assumptions	145,946	0
Net difference between projected and actual earnings on pension plan investments	85,328	0
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	83,726	2,514
Library's contributions subsequent to the measurement date	<u>224,751</u>	<u>0</u>
<b>Total</b>	<u><u>\$ 550,456</u></u>	<u><u>\$ 67,386</u></u>

**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**J. Deferred Outflows and Inflows of Resources – (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)**

Library contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>
Year ended:	
2018	\$ 108,613
2019	108,613
2020	90,406
2021	(49,313)
2022	0
Thereafter	0

**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. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010 - March 31, 2015
	System's experience
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 through March 31, 2015, System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015.

**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**J. Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

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 weighing 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>ERS</u>
Measurement date	March 31, 2017
<b><u>Asset type</u></b>	
Domestic equity	4.55%
International equity	6.35
Real estate	5.80
Domestic fixed income securities	0
Global fixed income securities	0
Mortgages	0
Short-term	0
Private equity/alternative investments	7.75
Absolute return strategies	4.00
Opportunistic portfolio	5.89
Bonds and mortgages	1.31
Cash	(0.25)
Inflation index bonds	1.50
Real assets	5.54

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems 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.

**CRANDALL PUBLIC LIBRARY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**J. Deferred Outflows and Inflows of Resources – (Continued)**

**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 asset (liability) calculated using the discount rate of 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

<u>ERS</u>	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Employer’s proportionate share of the net pension asset (liability)	\$(1,364,379)	\$ (427,196)	\$ 365,191

**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:

	<b>(Dollars in thousands)</b>
	<u>ERS</u>
Valuation date	March 31, 2017
Employers’ total pension asset (liability)	\$ (177,400,586)
Plan fiduciary net position asset (liability)	168,004,363
Employers’ net pension asset (liability)	(9,396,223)
Ratio of plan fiduciary net position to the employers’ total pension asset (liability)	94.7%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of December 31, 2017, amounted to \$-0-.

Additional pension information can be found in Note 8.

**K. Employee Benefits**

**Compensated Absences**

The Library accrues vacation time for employees based on current salary rates. Up to 70 vacation hours may be carried forward to the next year unless special permission is given by the Board to allow the employee to carry over more.

The balance of this liability was \$41,861 as of December 31, 2017 and is included in accrued expenses.

**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**K. Employee Benefits – (Continued)**

**Health Insurance Benefits**

The Library offers health insurance to its current employees and pays a portion of the cost of premiums based on the coverage type selected. The Library is not contractually required to provide health insurance to retirees and, therefore, does not have a GASB 45 valuation completed.

**L. Equity Classifications**

**Library-Wide Statements**

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

**i) Net Investment in Capital Assets**

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvement of those assets.

**ii) Restricted Net Position**

Reports net position when constraints placed on the assets or deferred outflows of resources 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.

**iii) Unrestricted Net Position**

Reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Library.

**Funds Statements**

In the fund basis statements, there are three classifications of fund balance:

**1. 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.

**2. Assigned**

Includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**L. Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**3. Unassigned**

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Library and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

**M. Contributed Facility**

Crandall Public Library occupies, without charge, real property located at 251 Glen Street, City Park, Glens Falls, New York, owned by the Crandall Trust, an independent not-for-profit organization. The value of this contributed facility is not reflected in these statements. The approximate value of the annual rental of the contributed facility is \$787,500.

**N. Contributed Services**

A number of unpaid volunteers have contributed their time to the Library. The value of this contributed time is not reflected in these statements as it has been determined that these volunteers have not replaced actual paid personnel.

**O. Unemployment Insurance**

The Crandall Public Library elected to discharge its liability under the New York State Unemployment Law by reimbursement to the Insurance Fund of benefits paid to former employees. Therefore, it is no longer liable to pay contributions to the New York State Unemployment Insurance Fund.

**P. New Accounting Pronouncements**

The Library has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2017, the Library implemented the following new standards issued by GASB:

GASB has issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for the year ending December 31, 2017.

**Q. Future Impacts of Accounting Pronouncements**

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending December 31, 2018. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The Library will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.



**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 3 – CASH AND CASH EQUIVALENTS - RESTRICTED**

The Library had the following cash and cash equivalents restricted by Donor/Grantor at December 31, 2017:

General Fund:

Glens Falls National Bank – Newburger Trust	\$ 52,716
Glens Falls National Bank – Savings	<u>25,573</u>
	<u>\$ 78,289</u>

Funds in the Glens Falls National Bank – Newburger Trust are restricted for the purchase of books and library materials.

Funds in the Glens Falls National Bank – Savings are restricted for various grants.

Capital Projects Fund:

Glens Falls National Bank – Savings	\$ <u>102,413</u>
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**NOTE 4 – INVESTMENTS**

<u>Capital Projects Fund:</u>	<u>MARKET VALUE</u>	<u>COST</u>	<u>UNREALIZED GAINS (LOSSES)</u>
Government Obligations	\$ 898,584	\$ 907,460	\$ (8,876)
Corporate Obligations	102,675	102,279	396
Corporate Stocks	585,880	403,276	182,604
Mutual Funds	<u>378,430</u>	<u>299,462</u>	<u>78,968</u>
<b>TOTAL CAPITAL PROJECTS FUND</b>	<u>\$ 1,965,569</u>	<u>\$ 1,712,477</u>	<u>\$ 253,092</u>

<u>Expendable Trust Fund:</u>	<u>MARKET VALUE</u>	<u>COST</u>	<u>UNREALIZED GAINS (LOSSES)</u>
Government Obligations	\$ 750,732	\$ 759,680	\$ (8,948)
Corporate Obligations	148,527	150,182	(1,655)
Corporate Stocks	1,027,151	726,805	300,346
Mutual Funds	<u>1,011,979</u>	<u>804,587</u>	<u>207,392</u>
<b>TOTAL EXPENDABLE TRUST FUND</b>	<u>\$ 2,938,389</u>	<u>\$ 2,441,254</u>	<u>\$ 497,135</u>

**CRANDALL PUBLIC LIBRARY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Custodial credit risk is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. While the Library does not have a specific policy for custodial credit risk, New York State statutes govern the Library’s investment policies.

The Library’s aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Library’s name		680,973

**NOTE 6 – CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Building and Improvements	\$ 13,756,964	\$ 0	\$ 0	\$ 13,756,964
Furniture, Fixtures and Equipment	3,233,102	75,597	97,046	3,211,653
Total depreciable historical cost	<u>16,990,066</u>	<u>75,597</u>	<u>97,046</u>	<u>16,968,617</u>
Building and Improvements	3,393,656	354,178	0	3,747,834
Furniture, Fixtures and Equipment	2,976,907	71,078	97,046	2,950,939
Total accumulated depreciation	<u>6,370,563</u>	<u>425,256</u>	<u>97,046</u>	<u>6,698,773</u>
Total historical cost, net	<u>\$ 10,619,503</u>	<u>\$ (349,659)</u>	<u>\$ 0</u>	<u>\$ 10,269,844</u>

**NOTE 7 – FAIR VALUE MEASUREMENTS**

As required by FASB ASC, *Fair Value Measurement*, the Library is required to value investment and debt securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- (A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- (B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

**CRANDALL PUBLIC LIBRARY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 – FAIR VALUE MEASUREMENTS – (CONTINUED)**

(C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Fair values of assets and liabilities measured on a recurring basis are as follows:

	<b><u>Fair Value Measurements Using</u></b>			
	<b><u>Fair Value</u></b>	<b>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b><u>December 31, 2017</u></b>				
Trading securities	\$ 4,903,958	\$ 3,003,440	\$ 1,900,518	\$ 0

**NOTE 8 – PENSION PLAN**

**Plan Description and Benefits Provided**

The Library participates in the New York State and Local Employees’ Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index/php](http://www.osc.state.ny.us/retire/publications/index/php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**Funding Policy**

The System is noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 2, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

**CRANDALL PUBLIC LIBRARY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 8 – PENSION PLAN – (CONTINUED)**

The Crandall Public Library is required to contribute at a rate determined actuarially by the System. The Library’s contributions made to the System were equal to 100 percent of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<b><u>ERS</u></b>
2017	\$ 224,751
2016	215,101
2015	264,006

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Library receives a substantial amount of its support and revenue from New York State, Local Governments and other Not-for-Profit Organizations. As a special library district, the Library’s annual budget for 2018 and future years will be subject to voter approval. A significant reduction in the level of this support may have an effect on the Library’s programs and activities.

**NOTE 10 – GENERAL FUND – BOOK GRANTS**

Due to Crandall Public Library’s designation as Central Reference Library for the Southern Adirondack Library System, the Library is provided with a credit up to 100% of the Southern Adirondack Library System’s central book aid grant amount of \$66,936 for the purchase of books, periodicals and other library materials, which remain the property of, and are insured by, the Southern Adirondack Library System.

**NOTE 11 – BONDS PAYABLE**

In 2007, the Library issued \$12,875,000 in civic facility revenue bonds to provide funds for the construction of major capital facilities. During 2016, the Library refunded those bonds. A summary of the bonds payable balance and activity for the year is below:

	<b><u>Beginning</u></b>			<b><u>Ending</u></b>	<b><u>Amount</u></b>
	<b><u>Balance</u></b>	<b><u>Issued</u></b>	<b><u>Redeemed</u></b>	<b><u>Balance</u></b>	<b><u>Due Within</u></b>
					<b><u>One Year</u></b>
Bonds payable	\$ 9,690,000	\$ 0	\$ 305,000	\$ 9,385,000	\$ 315,000

The following is a summary of the maturity of long-term bonds payable:

	<b><u>Issuance</u></b>		<b><u>Final</u></b>	<b><u>Interest</u></b>	<b><u>Debt</u></b>
	<b><u>Amount</u></b>	<b><u>Installments</u></b>	<b><u>Maturity</u></b>	<b><u>Rates</u></b>	<b><u>Outstanding</u></b>
Tax Exempt Revenue Bonds	\$ 10,110,000	\$305,000 - 635,000	10/1/2037	2% - 5%	\$ 9,385,000

**CRANDALL PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 11 – BONDS PAYABLE – (CONTINUED)**

Annual debt service requirements to maturity for the tax-exempt revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2018	\$ 315,000	\$ 335,313	\$ 650,313
2019	325,000	325,863	650,863
2020	340,000	312,863	652,863
2021	355,000	295,863	650,863
2022	370,000	281,663	651,663
Thereafter	<u>7,680,000</u>	<u>2,085,575</u>	<u>9,765,575</u>
<b>Totals</b>	<b><u>\$ 9,385,000</u></b>	<b><u>\$3,637,140</u></b>	<b><u>\$13,022,140</u></b>

Interest on long-term debt for the year consisted of:

Interest paid	\$ 344,463
Less: amortization of bond premium	<u>(5,885)</u>
<b>Total expense</b>	<b><u>\$ 338,578</u></b>

In 2016, the Library defeased their outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Library's financial statements.

**NOTE 12 – SUBSEQUENT EVENTS**

The Library has evaluated subsequent events through the issuance date of the financial statements. None were considered material to the issued financial statements.

**CRANDALL PUBLIC LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE – BUDGET (NON GAAP BASIS) AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Real property taxes	\$ 3,387,489	\$ 3,387,489	\$ 3,387,241	\$ (248)
Library charges	112,000	112,354	93,960	(18,394)
Investment income	1,000	1,658	1,658	0
Gifts and donations	168,000	248,585	131,232	(117,353)
Legacies and bequests	202,160	218,986	206,926	(12,060)
Library system grants	142,389	144,103	144,103	0
State aid	57,500	69,396	60,172	(9,224)
Special events	50,000	50,000	43,556	(6,444)
Other revenue	5,100	6,130	4,820	(1,310)
<b>Total Revenues</b>	<b>4,125,638</b>	<b>4,238,701</b>	<b>4,073,668</b>	<b>(165,033)</b>
<b>EXPENDITURES</b>				
Personal services				
Certified librarians	657,958	640,040	614,186	25,854
Para-professionals	653,475	653,475	645,778	7,697
Non-professionals	625,814	604,768	564,032	40,736
<b>Total Personal Services</b>	<b>1,937,247</b>	<b>1,898,283</b>	<b>1,823,996</b>	<b>74,287</b>
Employee benefits				
State retirement system	215,000	224,751	224,751	0
Payroll taxes	148,200	138,449	134,797	3,652
Workers compensation	12,838	12,838	12,838	0
Unemployment benefits paid	2,500	2,500	0	2,500
Disability insurance	9,600	9,600	7,048	2,552
Medical insurance	300,000	330,735	330,735	0
Other employee benefits	1,600	1,720	1,570	150
<b>Total Employee Benefits</b>	<b>689,738</b>	<b>720,593</b>	<b>711,739</b>	<b>8,854</b>

See paragraph on supplemental schedules included in independent auditors' report.

**CRANDALL PUBLIC LIBRARY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET (NON GAAP BASIS) AND ACTUAL – GENERAL FUND - (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>EXPENDITURES (CONTINUED)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Capital and equipment outlays	0	75,597	75,597	0
Contractual expenditures				
Books, records and audio visual materials	271,500	271,500	199,034	72,466
Serials	63,481	64,143	58,017	6,126
Automation expenses	92,000	92,000	79,966	12,034
Bookbinding	1,500	1,500	1,043	457
Rental, repair and maintenance of office equipment	94,500	58,270	20,033	38,237
Fuel and utilities	113,100	113,100	105,782	7,318
Telephone and website	25,400	25,400	5,314	20,086
Repairs to building and building equipment	117,000	117,265	93,074	24,191
Insurance	28,000	28,471	28,959	(488)
Office and library supplies	60,750	60,750	24,354	36,396
Postage and freight	8,000	8,000	5,978	2,022
Publicity and printing	7,000	7,000	4,207	2,793
Travel	10,000	10,000	1,785	8,215
Membership dues	4,000	4,000	3,204	796
Professional fees	64,450	73,825	75,618	(1,793)
Miscellaneous	11,500	30,095	29,056	1,039
Programming costs	1,500	1,500	1,293	207
Other operation and maintenance expenses	12,600	13,988	18,470	(4,482)
Special programs and grant related expenses	183,485	259,509	114,685	144,824
Special events expenses	13,500	13,500	18,166	(4,666)
Friends expenses	30,000	16,754	17,572	(818)
<b>Total Contractual Expenses</b>	<u>1,213,266</u>	<u>1,270,570</u>	<u>905,610</u>	<u>364,960</u>
<b>Total Expenditures</b>	<u>3,840,251</u>	<u>3,965,043</u>	<u>3,516,942</u>	<u>448,101</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	285,387	273,658	556,726	283,068
<b>OTHER FINANCING SOURCES AND USES</b>				
Interfund transfers	(355,462)	(325,956)	(486,778)	<u>\$ (160,822)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(70,075)	(52,298)	69,948	
<b>FUND BALANCE - BEGINNING OF YEAR</b>	663,790	663,790	663,790	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 593,715</u>	<u>\$ 611,492</u>	<u>\$ 733,738</u>	

See paragraph on supplemental schedules included in independent auditors' report.

**CRANDALL PUBLIC LIBRARY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE LOCAL GOVERNMENTS PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY**

**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

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<b>New York State Employees' Retirement System</b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Library's proportion of the net pension liability (asset)	0.0045465%	0.0044308%	0.0045869%
Library's proportionate share of the net pension liability (asset)	\$ 427,196	\$ 711,158	\$ 154,958
Library's covered-employee payroll	1,497,988	1,403,910	1,327,210
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.5%	50.7%	11.7%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

See paragraph on supplemental schedules included in independent auditors' report.



**CRANDALL PUBLIC LIBRARY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

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<b>New York State Employees' Retirement System</b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 224,751	\$ 215,101	\$ 264,006
Contributions in relation to the contractually required contribution	<u>224,751</u>	<u>215,101</u>	<u>264,006</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 1,497,988	\$ 1,403,910	\$ 1,327,210
Contribution as a percentage of covered-employee payroll	15.00%	15.32%	19.89%

See paragraph on supplemental schedules included in independent auditors' report.

**CRANDALL PUBLIC LIBRARY**  
**SUPPLEMENTARY INFORMATION**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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<b>CAPITAL ASSETS, NET</b>	\$ 10,269,844
<b>ADD:</b>	
Unspent bond proceeds	10,321
<b>DEDUCT:</b>	
Bonds payable	<u>9,385,000</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	<u><u>\$ 895,165</u></u>

See paragraph on supplemental schedules included in independent auditors' report.



**INDEPENDENT AUDITORS' 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 Crandall Public Library  
Glens Falls, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crandall Public Library, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Crandall Public Library's basic financial statements, and have issued our report thereon dated February 28, 2018.

**Internal Control Over Financial Reporting**

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*WEST & COMPANY CPAs PC*

Gloversville, New York  
February 28, 2018