

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

FINANCIAL STATEMENTS

DECEMBER 31, 2020

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
of the 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, 2020, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020, 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 17, 2021, on our consideration of Crandall Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Crandall Public Library's 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 17, 2021

CRANDALL PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. This information is presented in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020:

- Total revenues increased by \$846,683 or 16.22% from \$5,219,316 for the year ended December 31, 2019 to \$6,065,999 for the year ended December 31, 2020. The increase was due to receipt of a \$1 million bequest.
- The General Fund revenues totaled \$4,604,086, while General Fund expenditures were \$3,794,061 for the year ended December 31, 2020.
- Property tax revenues increased by \$99,125 for the year ended December 31, 2020, or 2.76% from \$3,589,852 for 2019 to \$3,688,977 for 2020.
- Total expenses increased by \$180,410 or 3.91% from \$4,619,825 for the year ended December 31, 2019 to \$4,800,235 for the year ended December 31, 2020.

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, 2020 and 2019 is as follows:

	Fiscal Year 2020	Fiscal Year 2019	Change Increase, (Decrease)	% Change Increase, (Decrease)
Assets				
Cash and investments	\$ 5,264,548	\$ 3,994,468	\$ 1,270,080	31.80
Other assets	121,081	70,206	50,875	72.47
Restricted assets	2,367,108	2,332,307	34,801	1.49
Capital assets	9,620,737	9,638,047	(17,310)	(0.18)
Total Assets	17,373,474	16,035,028	1,338,446	8.35
Deferred Outflows of Resources				
Pensions	1,093,771	482,893	610,878	126.50
Total Deferred Outflows of Resources	1,093,771	482,893	610,878	126.50
Liabilities				
Other liabilities	1,625,764	481,274	1,144,490	237.80
Deferred revenues	3,578	1,582,949	(1,579,371)	(99.77)
Bonds payable	8,405,000	8,745,000	(340,000)	(3.89)
Total Liabilities	10,034,342	10,809,223	(774,881)	(7.17)
Deferred Inflows of Resources				
Pensions	23,190	106,685	(83,495)	(78.26)
Deferred bond premium	94,158	100,042	(5,884)	(5.88)
Total Deferred Inflows of Resources	117,348	206,727	(89,379)	(43.24)
Net Position				
Net investment in capital assets	1,120,053	872,309	247,744	28.40
Restricted	3,003,592	664,057	2,339,535	352.31
Unrestricted	4,191,910	3,965,605	226,305	5.71
Total Net Position	\$ 8,315,555	\$ 5,501,971	\$ 2,813,584	51.14

A condensed version of the Statement of Activities for the years ending December 31, 2020 and 2019 is as follows:

	Fiscal Year 2020	Fiscal Year 2019	Change Increase, (Decrease)	% Change Increase, (Decrease)
Revenues				
Real property taxes	\$ 3,688,977	\$ 3,589,852	\$ 99,125	2.76
Library charges	21,541	78,402	(56,861)	(72.52)
Investment income	712,227	853,402	(141,175)	(16.54)
Contributions and bequests	1,421,393	381,721	1,039,672	272.36
Grants and state aid	217,468	284,505	(67,037)	(23.56)
Other revenue	4,393	31,434	(27,041)	(86.02)
Total Revenue	6,065,999	5,219,316	846,683	16.22
Expenses				
Personal services	2,022,173	1,965,526	56,647	2.88
Employee benefits	1,026,234	790,320	235,914	29.85
Contractual expenses	1,751,828	1,863,979	(112,151)	(6.02)
Total Expenses	4,800,235	4,619,825	180,410	3.91
Change in Net Position	1,265,764	599,491	666,273	111.14
Other Change in Net Position	1,547,820	0	1,547,820	100.00
Total Change in Net Position	\$ 2,813,584	\$ 599,491	\$ 2,214,093	369.33

CAPITAL ASSETS

At December 31, 2020 and 2019, the Library had \$9,620,737 and \$9,638,047, (net of accumulated depreciation) respectively, invested in capital assets consisting primarily of building improvements, furniture, fixtures and equipment.

	Fiscal Year 2020	Fiscal Year 2019	Change Increase, (Decrease)	% Change Increase, (Decrease)
Building improvements	\$ 13,927,099	\$ 13,809,164	\$ 117,935	0.85
Furniture, fixtures and equipment	3,602,682	3,303,023	299,659	9.07
Less: accumulated depreciation	(7,909,044)	(7,474,140)	(434,904)	(5.82)
Net Capital Assets	\$ 9,620,737	\$ 9,638,047	\$ (17,310)	(0.18)

LONG-TERM DEBT

At December 31, 2020 and 2019, the Library had \$8,405,000 and \$8,745,000 of bonds outstanding, respectively. During 2019 the Library entered into an installment purchase contract payable for a new phone system. During 2020 the Library entered into an installment purchase contract payable related to a lighting upgrade. The Library owes \$95,684 on the installment purchase contracts payable as of December 31, 2020. 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 2020</u>	<u>Fiscal Year 2019</u>	<u>Change Increase, (Decrease)</u>	<u>% Change Increase, (Decrease)</u>
Bonds Payable	\$8,405,000	\$8,745,000	\$ (340,000)	(3.89)
Installment Purchase Contracts Payable	95,684	31,059	64,625	208.07
Total	<u>\$8,500,684</u>	<u>\$8,776,059</u>	<u>\$ (275,375)</u>	(3.14)

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, 2020.

CONCLUSION

The Library looks forward to 2021 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, 2020

ASSETS:

Cash	
Unrestricted	\$ 1,486,360
Restricted	169,688
Investments	
Unrestricted	3,778,188
Restricted	2,197,420
Receivables	11,318
Prepaid expenses and other assets	109,763
Capital Assets	
Building improvements	13,927,099
Furniture, fixtures and equipment	3,602,682
Less: accumulated depreciation	<u>(7,909,044)</u>
Net Capital Assets	<u>9,620,737</u>
Total Assets	<u>17,373,474</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	<u>1,093,771</u>
Total Deferred Outflows of Resources	<u>1,093,771</u>

LIABILITIES:

Accounts payable	178,610
Accrued expenses	81,037
Deferred revenues	3,578
Bonds payable - due and payable within one year	355,000
Current portion of installment purchase contracts	36,520
Long-term liabilities	
Net pension liability - proportionate share	1,270,433
Installment purchase contracts due and payable after one year	59,164
Bonds payable due and payable after one year	<u>8,050,000</u>
Total Liabilities	<u>10,034,342</u>

DEFERRED INFLOWS OF RESOURCES:

Pensions	23,190
Deferred bond premium	<u>94,158</u>
Total Deferred Inflows of Resources	<u>117,348</u>

NET POSITION:

Net investment in capital assets	1,120,053
Restricted	
Library	664,188
Capital reserve fund	2,318,392
Debt service reserve	21,012
Unrestricted	<u>4,191,910</u>
Total Net Position	<u>\$ 8,315,555</u>

See notes to financial statements.

CRANDALL PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES

Real property taxes	\$ 3,688,977
Library charges	21,541
Investment income	113,988
Gain on investments	598,239
Gifts and donations	169,028
Legacies and bequests	1,252,365
Library system grants	174,268
State aid	43,200
Other revenue	4,393
Total Revenues	6,065,999

EXPENDITURES

Personnel services	
Certified librarians	785,143
Para-professionals	651,634
Non-professionals	585,396
Total Personnel Services	2,022,173

Employee benefits

State retirement system	482,783
Payroll taxes	141,846
Workers compensation	10,074
Unemployment benefits paid	8,677
Disability insurance	6,158
Medical insurance	374,369
Other employee benefits	2,327
Total Employee Benefits	1,026,234

Contractual expenditures

Books and audio visual materials	191,765
Serials	113,594
Automation expenses	85,869
Bookbinding	670
Rental, repair and maintenance of office equipment	50,638
Fuel and utilities	108,387
Telephone	7,779
Repairs to building and building equipment	134,810
Insurance	30,179
Office and library supplies	39,000
Postage and freight	3,240
Publicity and printing	4,185
Travel	4,102
Membership dues	2,249
Professional fees	113,715
Miscellaneous	10,139
Programming costs	92
Other operation and administrative expenses	16,614
Bond interest expense	306,978
Special programs and grant related expenses	77,223
Friends expenses	15,696
Depreciation expense	434,904
Total Contractual Expenditures	1,751,828

Total Expenditures

4,800,235

CHANGE IN NET POSITION

1,265,764

TOTAL NET POSITION - BEGINNING OF YEAR

5,501,971

OTHER CHANGE IN NET POSITION

1,547,820

TOTAL NET POSITION - END OF YEAR

\$ 8,315,555

See notes to financial statements.

CRANDALL PUBLIC LIBRARY

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Governmental Funds</u>
ASSETS					
Cash					
Unrestricted	\$ 496,429	\$ 0	\$ 989,931	\$ 0	\$ 1,486,360
Restricted	48,716	120,972	0	0	169,688
Investments					
Unrestricted	0	0	3,778,188	0	3,778,188
Restricted	0	2,197,420	0	0	2,197,420
Receivables	11,318	0	0	0	11,318
Due from other funds	2,197,435	0	0	21,012	2,218,447
Prepaid expenses and other assets	109,763	0	0	0	109,763
TOTAL ASSETS	\$ 2,863,661	\$ 2,318,392	\$ 4,768,119	\$ 21,012	\$ 9,971,184
LIABILITIES					
Accounts payable	\$ 46,359	\$ 132,251	\$ 0	\$ 0	\$ 178,610
Accrued expenses	81,037	0	0	0	81,037
Due to other funds	32,306	2,186,141	0	0	2,218,447
Deferred revenue	3,578	0	0	0	3,578
Total liabilities	163,280	2,318,392	0	0	2,481,672
FUND BALANCES					
Nonspendable - prepaid expenses	90,824	0	0	0	90,824
Restricted - Reserved for library purposes	48,716	0	615,472	0	664,188
Restricted - Capital reserve fund	2,318,392	0	0	0	2,318,392
Restricted - Debt service reserve	0	0	0	21,012	21,012
Assigned	4,947	0	0	0	4,947
Unassigned					
Board designated for unemployment	33,171	0	0	0	33,171
Undesignated	204,331	0	4,152,647	0	4,356,978
Total fund balances	2,700,381	0	4,768,119	21,012	7,489,512
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,863,661	\$ 2,318,392	\$ 4,768,119	\$ 21,012	\$ 9,971,184

See notes to financial statements.

CRANDALL PUBLIC LIBRARY

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

DECEMBER 31, 2020

Total fund balance - governmental funds balance sheet	\$ 7,489,512
Add:	
Capital assets, net of accumulated depreciation	9,620,737
Pensions	<u>1,093,771</u>
Total	10,714,508
Less:	
Bonds payable	8,405,000
Installment purchase contracts payable	95,684
Net pension liability - proportionate share	1,270,433
Pensions	23,190
Deferred bond premium	<u>94,158</u>
Total	<u>9,888,465</u>
NET POSITION, GOVERNMENTAL ACTIVITIES	<u><u>\$ 8,315,555</u></u>

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, 2020

	General	Capital Projects	Special Revenue	Debt Service	Total Governmental Funds
REVENUES					
Real property taxes	\$ 3,688,977	\$ 0	\$ 0	\$ 0	\$ 3,688,977
Library charges	21,541	0	0	0	21,541
Investment income	50,646	0	63,342	0	113,988
Gain on investments	199,668	0	398,571	0	598,239
Gifts and donations	169,028	0	0	0	169,028
Legacies and bequests	252,365	0	1,000,000	0	1,252,365
Library system grants	174,268	0	0	0	174,268
State aid	43,200	0	0	0	43,200
Other revenue	4,393	0	0	0	4,393
Total Revenues	4,604,086	0	1,461,913	0	6,065,999
EXPENDITURES					
Personnel services					
Certified librarians	785,143	0	0	0	785,143
Para-professionals	651,634	0	0	0	651,634
Non-professionals	585,396	0	0	0	585,396
Total Personnel Services	2,022,173	0	0	0	2,022,173
Employee benefits					
State retirement system	229,089	0	0	0	229,089
Payroll taxes	141,846	0	0	0	141,846
Workers compensation	10,074	0	0	0	10,074
Unemployment benefits paid	8,677	0	0	0	8,677
Disability insurance	6,158	0	0	0	6,158
Medical insurance	374,369	0	0	0	374,369
Other employee benefits	2,327	0	0	0	2,327
Total Employee Benefits	772,540	0	0	0	772,540

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, 2020

EXPENDITURES (CONTINUED)	General	Capital Projects	Special Revenue	Debt Service	Total Governmental Funds
Capital and equipment outlays	10,068	407,526	0	0	417,594
Contractual expenditures					
Books and audio visual materials	191,765	0	0	0	191,765
Serials	113,594	0	0	0	113,594
Automation expenses	85,869	0	0	0	85,869
Bookbinding	670	0	0	0	670
Rental, repair and maintenance of office equipment	50,638	0	0	0	50,638
Fuel and utilities	108,387	0	0	0	108,387
Telephone and website	7,779	0	0	0	7,779
Repairs to building and building equipment	134,810	0	0	0	134,810
Insurance	30,179	0	0	0	30,179
Office and library supplies	39,000	0	0	0	39,000
Postage and freight	3,240	0	0	0	3,240
Publicity and printing	4,185	0	0	0	4,185
Travel	4,102	0	0	0	4,102
Membership dues	2,249	0	0	0	2,249
Professional fees	93,049	0	20,666	0	113,715
Miscellaneous	10,139	0	0	0	10,139
Programming costs	92	0	0	0	92
Other operation and administrative expenses	16,614	0	0	0	16,614
Debt principal payments	0	2,169	0	351,293	353,462
Debt interest expense	0	0	0	312,863	312,863
Special programs and grant related expenses	77,223	0	0	0	77,223
Friends expenses	15,696	0	0	0	15,696
Total Contractual Expenditures	989,280	2,169	20,666	664,156	1,676,271
Total Expenditures	3,794,061	409,695	20,666	664,156	4,888,578
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	810,025	(409,695)	1,441,247	(664,156)	1,177,421
OTHER FINANCING SOURCES AND USES					
Proceeds from debt	0	78,088	0	0	78,088
Interfund transfers	(930,065)	331,607	(44,083)	642,541	0
Total Other Financing Sources and Uses	(930,065)	409,695	(44,083)	642,541	78,088
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(120,040)	0	1,397,164	(21,615)	1,255,509
FUND BALANCE - BEGINNING OF YEAR	547,447	725,154	3,370,955	42,627	4,686,183
OTHER CHANGE IN FUND BALANCE	2,272,974	(725,154)	0	0	1,547,820
FUND BALANCE - END OF YEAR	\$ 2,700,381	\$ 0	\$ 4,768,119	\$ 21,012	\$ 7,489,512

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, 2020

REVENUES - STATEMENT OF ACTIVITIES		\$ 6,065,999
EXPENDITURES	\$ 4,888,578	
Add:		
Depreciation	434,904	
Pensions	253,694	
	<u>688,598</u>	
Deduct:		
Principal payments on long term debt	353,462	
Change in fixed assets	417,594	
Amortization of bond premium	5,885	
	<u>776,941</u>	
EXPENDITURES - STATEMENT OF ACTIVITIES		<u>4,800,235</u>
CHANGE IN NET POSITION		<u><u>\$ 1,265,764</u></u>

See notes to financial statements.

CRANDALL PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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 only governmental type funds. The Library had no 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. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library defined the length of time used available for purposes of revenue recognition in the governmental funds financial statements to be 60 days. Expenditures are recorded when the related fund liability is incurred.

CRANDALL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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.

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.

Special Revenue 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.

CRANDALL PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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, 2020 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 asset 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, 2020

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, 2020, 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, 2020. 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>
Measurement date	March 31, 2020
Net pension asset (liability)	(\$ 1,270,433)
Library's portion of the Plan's total net pension asset (liability)	0.0047976%
Change in proportion since the prior measurement date	0.0002478%

For the year ended December 31, 2020, the Library's recognized pension expense was \$229,089. At December 31, 2020, the Library's reported deferred outflows and deferred inflows of resources related to pensions were:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<u>ERS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 74,770	\$ 0
Changes of assumptions	25,581	22,088
Net difference between projected and actual earnings on pension plan investments	651,286	0
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	113,045	1,102
Library's contributions subsequent to the measurement date	<u>229,089</u>	<u>0</u>
Total	<u><u>\$ 1,093,771</u></u>	<u><u>\$ 23,190</u></u>

CRANDALL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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:	
2021	\$ 164,109
2022	216,591
2023	259,549
2024	201,242
2025	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, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.8%
Salary scale	4.2%
Decrement tables	April 1, 2010 - March 31, 2015
	System's experience
Inflation rate	2.5%
Cost of living adjustments	1.3%

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, 2019 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, 2020

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, 2020
 <u>Asset type</u>	
Domestic equity	4.05%
International equity	6.15
Global equities	0
Real estate	4.95
Domestic fixed income securities	0
Global fixed income securities	0
High-yield fixed income securities	0
Mortgages	0
Private debt	0
Short-term	0
Private equity/alternative investments	6.75
Absolute return strategies	3.25
Opportunistic portfolio	4.65
Bonds and mortgages	0.75
Cash	0.00
Inflation index bonds	0.50
Real assets	5.95

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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, 2020

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 6.8%, 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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

<u>ERS</u>	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
Employer’s proportionate share of the net pension asset (liability)	\$(2,331,604)	\$(1,270,433)	\$ (293,091)

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)
	<u>ERS</u>
Measurement date	March 31, 2020
Employers’ total pension asset (liability)	\$(194,596,261)
Plan fiduciary net position asset (liability)	168,115,682
Employers’ net pension asset (liability)	(26,480,579)
Ratio of plan fiduciary net position to the employers’ total pension asset (liability)	86.39%

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, 2020, 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 \$60,543 as of December 31, 2020 and is included in accrued expenses.

CRANDALL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 75 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 four classifications of fund balance:

1. Nonspendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid expenses of \$90,824 in the General Fund.

2. 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.

CRANDALL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

L. Equity Classifications – (Continued)

Funds Statements – (Continued)

3. 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.

4. 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. Restricted Resources

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

Q. New Accounting Pronouncements

The Library has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

CRANDALL PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

R. Future Impacts of Accounting Pronouncements

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending December 31, 2021. This statement establishes new financial disclosure requirements for debt. The Library will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

NOTE 3 – CASH AND CASH EQUIVALENTS - RESTRICTED

The Library had the following cash and cash equivalents restricted by Donor/Grantor at December 31, 2020:

General Fund:

Glens Falls National Bank – Newburger Trust	\$ 45,138
Glens Falls National Bank – Savings	<u>3,578</u>
	<u>\$ 48,716</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>120,972</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	\$ 716,625	\$ 677,000	\$ 39,625
Corporate Obligations	393,444	388,757	4,687
Corporate Stocks	667,050	287,697	379,353
Mutual Funds	<u>420,301</u>	<u>288,853</u>	<u>131,448</u>
TOTAL CAPITAL PROJECTS FUND	<u>\$ 2,197,420</u>	<u>\$ 1,642,307</u>	<u>\$ 555,113</u>

<u>Special Revenue Fund:</u>	<u>MARKET VALUE</u>	<u>COST</u>	<u>UNREALIZED GAINS (LOSSES)</u>
Government Obligations	\$ 825,998	\$ 785,368	\$ 40,630
Corporate Obligations	383,468	372,449	11,019
Corporate Stocks	1,285,498	579,611	705,887
Mutual Funds	<u>1,283,224</u>	<u>924,398</u>	<u>358,826</u>
TOTAL SPECIAL REVENUE FUND	<u>\$ 3,778,188</u>	<u>\$ 2,661,826</u>	<u>\$ 1,116,362</u>

CRANDALL PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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		367,874

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Building and Improvements	\$ 13,809,164	\$ 117,935	\$ 0	\$ 13,927,099
Furniture, Fixtures and Equipment	3,303,023	299,659	0	3,602,682
Total depreciable historical cost	<u>17,112,187</u>	<u>417,594</u>	<u>0</u>	<u>17,529,781</u>
Building and Improvements	4,438,783	341,476	0	4,780,259
Furniture, Fixtures and Equipment	3,035,357	93,428	0	3,128,785
Total accumulated depreciation	<u>7,474,140</u>	<u>434,904</u>	<u>0</u>	<u>7,909,044</u>
Total historical cost, net	<u>\$ 9,638,047</u>	<u>\$ (17,310)</u>	<u>\$ 0</u>	<u>\$ 9,620,737</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, 2020

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:

	<u>Fair Value Measurements Using</u>			
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
<u>December 31, 2020</u>				
Trading securities	\$ 5,975,608	\$ 3,656,073	\$ 2,319,535	\$ 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. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. 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 Library also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. 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 Employees’ Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

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 1, 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, 2020

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% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2020	\$ 229,089
2019	232,091
2018	240,910

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 is 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 \$52,712 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 – SHORT-TERM DEBT

The Library had no short-term debt activity and no short-term debt outstanding for the year ending December 31, 2020.

NOTE 12 – 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:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Bonds payable	\$ 8,745,000	\$ 0	\$ 340,000	\$ 8,405,000	\$ 355,000

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

	<u>Issuance Amount</u>	<u>Installments</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Debt Outstanding</u>
Tax Exempt Revenue Bonds	\$ 10,110,000	\$ 305,000 - 635,000	10/1/2037	2% - 5%	\$ 8,405,000

CRANDALL PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 – BONDS PAYABLE – (CONTINUED)

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

	Principal	Interest	Total
Year ending December 31,			
2021	\$ 355,000	\$ 295,863	\$ 650,863
2022	370,000	281,663	651,663
2023	390,000	263,163	653,163
2024	400,000	247,563	647,563
2025	425,000	227,563	652,563
2026 - 2030	2,400,000	855,625	3,255,625
2031 - 2035	2,815,000	439,825	3,254,825
2036 - 2037	1,250,000	51,838	1,301,838
Totals	\$ 8,405,000	\$ 2,663,103	\$ 11,068,103

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

Interest paid	\$ 312,863
Less: amortization of bond premium	(5,885)
Total expense	\$ 306,978

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 13 – INSTALLMENT PURCHASE CONTRACTS PAYABLE

The Library has entered into two installment purchase contract agreements under which the related equipment, a telephone system and a lighting upgrade, will become the property of the Library when all terms of the purchase contract agreement are met. Assets under these agreements total \$145,557 at December 31, 2020. That amount is net of amortization of \$9,932 which is included with depreciation expense. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum payments as of December 31, 2020:

2021	\$ 37,323
2022	34,500
2023	24,863
Minimum payments	96,686
Less: Amount representing interest	(1,002)
Present value – payments	\$ 95,684

NOTE 14 – SUBSEQUENT EVENTS

The Library has evaluated subsequent events through the issuance date of the financial statements. The Library was informed during 2019 that they are a beneficiary of a will which will pay out to the Library approximately \$2.2 million. \$1 million of this bequest was received in 2020. Receipt of the remaining funds is expected during 2021. No other subsequent events 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Real property taxes	\$ 3,695,912	\$ 3,695,912	\$ 3,688,977	\$ (6,935)
Library charges	83,500	83,500	21,541	(61,959)
Investment income	1,800	4,290	50,646	46,356
Gain (loss) on investments	0	0	199,668	199,668
Gifts and donations	142,500	266,068	169,028	(97,040)
Legacies and bequests	247,800	277,748	252,365	(25,383)
Library system grants	217,108	207,020	174,268	(32,752)
State aid	56,500	60,810	43,200	(17,610)
Special events	50,000	50,000	0	(50,000)
Other revenue	6,300	7,261	4,393	(2,868)
Total Revenues	<u>4,501,420</u>	<u>4,652,609</u>	<u>4,604,086</u>	<u>(48,523)</u>
EXPENDITURES				
Personnel services				
Certified librarians	801,007	801,007	785,143	15,864
Para-professionals	660,353	660,353	651,634	8,719
Non-professionals	641,860	641,860	585,396	56,464
Total Personnel Services	<u>2,103,220</u>	<u>2,103,220</u>	<u>2,022,173</u>	<u>81,047</u>
Employee benefits				
State retirement system	245,000	229,089	229,089	0
Payroll taxes	160,897	160,273	141,846	18,427
Workers compensation	12,000	12,000	10,074	1,926
Unemployment benefits paid	1,000	8,681	8,677	4
Disability insurance	9,600	9,946	6,158	3,788
Medical insurance	385,000	385,000	374,369	10,631
Other employee benefits	3,220	2,446	2,327	119
Total Employee Benefits	<u>816,717</u>	<u>807,435</u>	<u>772,540</u>	<u>34,895</u>

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, 2020

EXPENDITURES (CONTINUED)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Capital and equipment outlays	0	10,068	10,068	0
Contractual expenditures				
Books, records and audio visual materials	298,350	263,462	191,765	71,697
Serials	94,500	115,064	113,594	1,470
Automation expenses	86,016	86,015	85,869	146
Bookbinding	1,500	1,500	670	830
Rental, repair and maintenance of office equipment	70,205	61,206	50,638	10,568
Fuel and utilities	113,100	114,240	108,387	5,853
Telephone and website	6,900	7,806	7,779	27
Repairs to building and building equipment	121,500	158,461	134,810	23,651
Insurance	30,000	30,179	30,179	0
Office and library supplies	47,340	49,340	39,000	10,340
Postage and freight	7,000	7,000	3,240	3,760
Publicity and printing	8,000	8,000	4,185	3,815
Travel	15,000	15,000	4,102	10,898
Membership dues	5,000	5,000	2,249	2,751
Professional fees	103,000	99,476	93,049	6,427
Miscellaneous	16,500	16,500	10,139	6,361
Programming costs	5,000	5,000	92	4,908
Other operation and administrative expenses	16,100	17,100	16,614	486
Special programs and grant related expenses	160,385	294,531	77,223	217,308
Special events expenses	15,000	15,000	0	15,000
Friends expenses	30,000	30,000	15,696	14,304
Total Contractual Expenses	<u>1,250,396</u>	<u>1,399,880</u>	<u>989,280</u>	<u>410,600</u>
Total Expenditures	<u>4,170,333</u>	<u>4,320,603</u>	<u>3,794,061</u>	<u>526,542</u>
EXCESS OF REVENUES OVER EXPENDITURES	331,087	332,006	810,025	478,019
OTHER FINANCING SOURCES AND USES				
Interfund transfers	(427,863)	(428,780)	(930,065)	\$ (501,285)
NET CHANGE IN FUND BALANCE	<u>(96,776)</u>	<u>(96,774)</u>	<u>(120,040)</u>	
FUND BALANCE - BEGINNING OF YEAR	547,447	547,447	547,447	
OTHER CHANGE IN FUND BALANCE	0	0	2,272,974	
FUND BALANCE - END OF YEAR	<u>\$ 450,671</u>	<u>\$ 450,673</u>	<u>\$ 2,700,381</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, 2020, 2019, 2018, 2017, 2016 AND 2015

New York State Employees' Retirement System	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	0.0047976%	0.0045498%	0.0045835%	0.0045465%	0.0044308%	0.0045869%
Library's proportionate share of the net pension liability (asset)	\$ 1,270,433	\$ 322,366	\$ 147,929	\$ 427,196	\$ 711,158	\$ 154,958
Library's covered-employee payroll	1,648,224	1,618,010	1,520,038	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	77.1%	19.9%	9.7%	28.5%	50.7%	11.7%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	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, 2020, 2019, 2018, 2017, 2016 AND 2015

New York State Employees' Retirement System	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 229,089	\$ 232,091	\$ 240,910	\$ 224,751	\$ 215,101	\$ 264,006
Contributions in relation to the contractually required contribution	<u>229,089</u>	<u>232,091</u>	<u>240,910</u>	<u>224,751</u>	<u>215,101</u>	<u>264,006</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 1,648,224	\$ 1,618,010	\$ 1,520,038	\$ 1,497,988	\$ 1,403,910	\$ 1,327,210
Contribution as a percentage of covered-employee payroll	13.90%	14.34%	15.85%	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, 2020

CAPITAL ASSETS, NET	\$ 9,620,737
DEDUCT:	
Bonds payable	8,405,000
Installment purchase debt payable	<u>95,684</u>
NET INVESTMENT IN CAPITAL ASSETS	<u><u>\$ 1,120,053</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, 2020, 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 17, 2021.

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 17, 2021