

**Pound Ridge Library District,
New York**

Financial Statements and
Supplementary Information

Year Ended December 31, 2019

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Independent Auditors' Report

**The Board of Trustees of the
Pound Ridge Library District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Pound Ridge Library District, New York ("District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District'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. 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and schedules for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules 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 for the year ended December 31, 2019 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated July 30, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities and the major fund. The individual fund financial statements and schedules for the year ended December 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

April 14, 2020

Pound Ridge Library District, New York

Statement of Net Position
December 31, 2019

ASSETS

Cash and equivalents	\$ 1,106,360
Investments	794,984
Accounts receivable	4,400
Prepaid expenses	678
Capital assets being depreciated, net	<u>475,710</u>
 Total Assets	 <u>2,382,132</u>

LIABILITIES

Accounts payable	396
Accrued liabilities	27,109
Security deposit	4,400
Non-current liabilities	
Due within one year - Compensated absences	<u>989</u>
 Total Liabilities	 <u>32,894</u>

NET POSITION

Net investment in capital assets	475,710
Restricted for trusts	
Nonexpendable	143,000
Expendable	419,440
Unrestricted	<u>1,311,088</u>
 Total Net Position	 <u>\$ 2,349,238</u>

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

Pound Ridge Library District, New York

Statement of Activities
 Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Culture and recreation	\$ 620,136	\$ 1,783	\$ 84,561	\$ (533,792)
General Revenues				
Real property taxes				774,297
Unrestricted use of money and property				<u>13,800</u>
Total General Revenues				<u>788,097</u>
Change in Net Position				254,305
NET POSITION				
Beginning of Year				<u>2,094,933</u>
End of Year				<u><u>\$ 2,349,238</u></u>

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

Pound Ridge Library District, New York

General Fund
Balance Sheet
December 31, 2019

ASSETS

Cash and equivalents	\$ 1,106,360
Investments	794,984
Accounts receivable	4,400
Prepaid expenditures	678
	<hr/>
Total Assets	\$ 1,906,422
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 396
Accrued liabilities	27,109
Security deposit	4,400
	<hr/>
Total Liabilities	31,905
	<hr/>
Fund Balance	
Nonspendable	143,678
Restricted	419,440
Unassigned	1,311,399
	<hr/>
Total Fund Balance	1,874,517
	<hr/>
Total Liabilities and Fund Balance	\$ 1,906,422
	<hr/> <hr/>

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

Pound Ridge Library District, New York

Reconciliation of the General Fund Balance Sheet to
the Statement of Net Position
December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Net Position
are Different Because

Fund Balance	<u>\$ 1,874,517</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	475,710
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Compensated absences	<u>(989)</u>
Net Position of Governmental Activities	<u><u>\$ 2,349,238</u></u>

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

Pound Ridge Library District, New York

Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Year Ended December 31, 2019

	<u>General</u>
REVENUES	
Real property taxes	\$ 774,297
Departmental income	1,783
Use of money and property	90,525
State aid	1,347
Miscellaneous	<u>6,489</u>
 Total Revenues	 <u>874,441</u>
EXPENDITURES	
Current	
Culture and recreation	
Personal services	207,643
Equipment and maintenance	112,326
Contractual	266,329
Employee benefits	<u>43,918</u>
 Total Expenditures	 <u>630,216</u>
 Excess of Revenues Over Expenditures	 244,225
FUND BALANCE	
Beginning of Year	<u>1,630,292</u>
End of Year	<u>\$ 1,874,517</u>

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

Pound Ridge Library District, New York

Reconciliation of the General Fund Statement of Revenues,
Expenditures and Changes in Fund Balance
to the Statement of Activities
Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balance	<u>\$ 244,225</u>
<p>The fund financial statements report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	56,017
Depreciation expense	<u>(45,654)</u>
	<u>10,363</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	<u>(283)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 254,305</u></u>

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

Pound Ridge Library District, New York

General Fund

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 774,297	\$ 774,297	\$ 774,297	\$ -
Departmental income	2,930	2,930	1,783	(1,147)
Use of money and property	25,700	25,700	90,525	64,825
State aid	1,300	1,300	1,347	47
Miscellaneous	700	700	6,489	5,789
	<u>804,927</u>	<u>804,927</u>	<u>874,441</u>	<u>69,514</u>
EXPENDITURES				
Current				
Culture and recreation				
Personal services	330,000	330,000	207,643	122,357
Equipment and maintenance	77,920	77,920	112,326	(34,406)
Contractual	319,457	319,457	266,329	53,128
Employee benefits	77,550	77,550	43,918	33,632
	<u>804,927</u>	<u>804,927</u>	<u>630,216</u>	<u>174,711</u>
Excess of Revenues Over Expenditures	-	-	244,225	244,225
FUND BALANCE				
Beginning of Year	-	-	1,630,292	1,630,292
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,874,517</u>	<u>\$ 1,874,517</u>

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

Note 1 - Summary of Significant Accounting Policies

The Hiram Halle Memorial Library in Pound Ridge, New York was established as an Association Library in 1952, becoming a Special District Library under the name of Pound Ridge Library District, New York ("District") in 2004 and operates in accordance with the applicable laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operation of the District and is elected by the voters of the District. The Executive Director serves as the chief executive officer.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the District's reporting entity was made by applying the criteria set forth by GASB including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District as a whole.

The Statement of Net Position presents the financial position of the District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Other items not identified as program revenues are reported as general revenues. The District does not allocate indirect expenses to functions in the Statement of Activities.

C. Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance

Note 1 - Summary of Significant Accounting Policies (Continued)

with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The District's resources are reflected in the fund financial statements in one broad fund category, in accordance with generally accepted accounting principles as follows:

Fund Categories

Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the District's major governmental fund.

General Fund - The General Fund constitutes the only operating fund of the District in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when

Note 1 - Summary of Significant Accounting Policies (Continued)

payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

E. Assets, Liabilities and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The District's deposits and investment policies are governed by State statutes. The District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments (other than investments received from donations) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments received from donations are considered a permissible exception to the General Municipal Law of the State of New York and are, therefore, invested in accordance with the statutory prudent person rule.

The District follows the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. All investments of the District are priced using level 2 inputs.

Risk Disclosure

Interest Rate Risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)
December 31, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the District's debt type investments to this risk using the specific identification method is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Municipal Bonds	\$ 740,243	\$ 128,924	\$ 278,563	\$ 332,756	\$ -
Certificates of Deposit	54,741	-	54,741	-	-
	<u>\$ 794,984</u>	<u>\$ 128,924</u>	<u>\$ 333,304</u>	<u>\$ 332,756</u>	<u>\$ -</u>

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2019.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. U.S. government obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the range of ratings as required for each debt type investment.

Rating	Municipal Bonds
A or better	\$ 720,084
BBB -	<u>20,159</u>
	<u>\$ 740,243</u>

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of January 1st and are levied and payable by April 1st. The Town of Pound Ridge, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the District's warrant and assumes responsibility for uncollected taxes.

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Inventory - There are no inventory values presented in the balance sheets of the respective funds of the District. Purchases of inventorable items are recorded as expenditures at the time of purchase and year end balances are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of miscellaneous costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as expenditures in the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	15-20

Compensated Absences - The District's personnel policy provides for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated time is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured

Note 1 - Summary of Significant Accounting Policies (Continued)

through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position on the Statement of Net Position include, net investment in capital assets and restricted for trusts. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The District Board of Trustees is the highest level of decision making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the District Board of Trustees.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the District's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

Note 1 - Summary of Significant Accounting Policies (Continued)

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities. The District has no outstanding encumbrances at year-end.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 14, 2020.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The District generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) The proposed annual budget and supplemental propositions for the District as established by the Trustees shall be placed before the voters in the general election.
- b) All budget propositions require approval by a majority of voters in the Town.
- c) Upon approval of such proposed operating budget and of the propositions, the proposed budget becomes the budget of the District.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) In the event that the proposed budget is not approved, the budget is deemed amended so that the portion of the budget providing for real property tax revenue to be received from the Town be changed to equal the real property tax revenue provided for in the District budget in effect as of the time of the vote, as amended by supplemental appropriations if approved.
- e) In the event that the voters do not approve the proposed budget as aforesaid and upon the proposed budget being deemed amended as aforesaid, the real property taxes to be levied by the Town for the District are levied in the amount required to provide the Town contribution as set forth in the proposed budget.
- f) After the annual budgets for the Town have been adopted, the Town assesses and levies upon the taxable real property within the District the amounts to be raised by tax for the purpose of the District as specified in the District's annual budget and cause the amount so assessed and levied to be collected, in the same manner and at the same time and by the same officers as Town taxes are assessed, levied and collected.
- g) The General Fund budget is legally adopted annually on a basis consistent with accounting principles generally accepted in the United States of America.
- h) The Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding fiscal year pursuant to the Uniform System of Accounts as promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

Under New York State Law, the District is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the New York State Laws of 2011, as amended ("Tax Levy Limitation Law") modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period

Note 2 - Stewardship, Compliance and Accountability (Continued)

ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. A budget in excess of the Tax Levy Limitation Law requires approval by at least 60% of the voters of the Town.

Note 3 - Detailed Notes on All Funds

A. Capital Assets

Changes in the District's capital assets are as follows:

Class	Balance January 1, 2019	Additions	Balance December 31, 2019
Capital Assets, being depreciated -			
Buildings and Improvements	\$ 717,948	\$ 56,017	\$ 773,965
Less Accumulated Depreciation for -			
Building and Improvements	252,601	45,654	298,255
Total Capital Assets, being depreciated, net	\$ 465,347	\$ 10,363	\$ 475,710

Depreciation expense was charged to the culture and recreation function/program.

B. Pension Plan

The District participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). The TIAA-CREF is a cost sharing multiple-employer defined contribution pension plan. The System provides retirement, disability, and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law. TIAA-CREF issue publicly available financial reports that include financial statements and required supplementary information. This report may be obtained by writing to Teacher's Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, New York 10017.

TIAA-CREF is a privately operated contribution retirement plan which provides benefits to certain employees of the District. Under the plan, the District is required to make contributions based on gross salaries of the participants. Certain participants are also required to make a participating contribution. Pension costs incurred for the current and two preceding years were as follows:

2019	\$ 6,271
2018	8,938
2017	5,909

Note 3 - Detailed Notes on All Funds (Continued)

C. Long-Term Liabilities

The changes in the District's long-term liabilities during the year ended December 31, 2019 are summarized as follows:

	Balance January 1, 2019	Additions	Balance December 31, 2019	Due Within One Year
Compensated Absences	\$ 706	\$ 283	\$ 989	\$ 989

Compensated Absences

Pursuant to the District's personnel policy, all full-time employees are entitled to be compensated for accumulated vacation time upon separation of service or retirement. Vacation time is earned based on the calendar year and is required to be taken by June 30th of the following year or it shall be forfeited. Unused sick days are not paid upon separation of service or retirement.

D. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Trusts:

Woods Maintenance Trust and Woods Capital Trust - the component of net position that reports gifts or donations which cannot be expended other than for the purpose specified by the donor.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

E. Fund Balances

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Nonspendable fund balance in the amount of \$143,000 represents the principal portion of the Woods Maintenance Trust that cannot be expended.

Prepaid expenditures of \$678 has been established to account for miscellaneous payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The District, in common with other municipalities, receives numerous notices of claims for money damages arising from property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the District if adversely settled.

There are currently pending tax certiorari proceedings, the results of which could require the payment of future tax refunds by the District, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year in which the payment is made.

In March 2018, a Petition under Article 78 of the New York Civil Practice Laws and Rules was filed against the District in the Supreme Court of the State of New York, County of Westchester, regarding a labor matter. The District is vigorously defending the litigation and at this point cannot make any determination as to the outcome.

B. Risk Management

The District purchases various conventional insurance policies to reduce its exposure to loss. The District maintains general liability coverage with policy limits of \$1 million each occurrence and \$3 million general aggregate. In addition, the District maintains an umbrella liability policy which provides coverage up to \$2 million. The District maintains building and personal property insurance with limits of \$2.185 million and \$260,000 respectively. The District also purchases conventional workers' compensation and medical insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

C. Contingencies

The District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the District's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, to be immaterial.

Note 5 - Subsequent Event

The District's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the District may experience a disruption in operations as collection rates on real property taxes might be slowed as unemployment rates are expected to spike. The outbreak is likely to adversely affect the District's financial condition on an interim basis. Additionally, the COVID-19 pandemic has resulted in substantial volatility in the global markets. As a result, the District's LOSAP investments could have incurred a significant decline in its fair value since December 31, 2019. Because the value of the District's investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

Pound Ridge Library District, New York

General Fund
Comparative Balance Sheet
Year Ended December 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ 1,106,360	\$ 879,414
Investments	794,984	751,522
Accounts receivable	4,400	-
State and federal aid receivable	-	2,500
Prepaid expenditures	678	13,685
	<u>678</u>	<u>13,685</u>
Total Assets	<u>\$ 1,906,422</u>	<u>\$ 1,647,121</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 396	\$ 12,429
Accrued liabilities	27,109	-
Security deposit	4,400	4,400
	<u>4,400</u>	<u>4,400</u>
Total Liabilities	<u>31,905</u>	<u>16,829</u>
Fund Balance		
Nonspendable	143,678	156,685
Restricted	419,440	387,570
Unassigned	1,311,399	1,086,037
	<u>1,311,399</u>	<u>1,086,037</u>
Total Fund Balance	<u>1,874,517</u>	<u>1,630,292</u>
Total Liabilities and Fund Balance	<u>\$ 1,906,422</u>	<u>\$ 1,647,121</u>

See independent auditors' report.

Pound Ridge Library District, New York

General Fund

Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Years Ended December 31,

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 774,297	\$ 774,297	\$ 774,297	\$ -
Departmental income	2,930	2,930	1,783	(1,147)
Use of money and property	25,700	25,700	90,525	64,825
State aid	1,300	1,300	1,347	47
Miscellaneous	700	700	6,489	5,789
Total Revenues	804,927	804,927	874,441	69,514
EXPENDITURES				
Current				
Culture and recreation				
Personal services	330,000	330,000	207,643	122,357
Equipment and maintenance	77,920	77,920	112,326	(34,406)
Contractual	319,457	319,457	266,329	53,128
Employee benefits	77,550	77,550	43,918	33,632
Total Expenditures	804,927	804,927	630,216	174,711
Excess of Revenues Over Expenditures	-	-	244,225	244,225
FUND BALANCE				
Beginning of Year	-	-	1,630,292	1,630,292
End of Year	\$ -	\$ -	\$ 1,874,517	\$ 1,874,517

See independent auditors' report.

2018

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 774,297	\$ 774,297	\$ 774,297	\$ -
2,930	2,930	3,725	795
25,700	25,700	46,712	21,012
1,300	1,300	5,654	4,354
700	700	2,352	1,652
804,927	804,927	832,740	27,813
330,000	330,000	233,607	96,393
96,000	87,759	23,089	64,670
304,957	313,198	222,260	90,938
73,970	73,970	50,384	23,586
804,927	804,927	529,340	275,587
-	-	303,400	303,400
-	-	1,326,892	1,326,892
\$ -	\$ -	\$ 1,630,292	\$ 1,630,292