

**ALBANY PUBLIC LIBRARY  
FINANCIAL REPORT  
JUNE 30, 2020**

DRAFT

# ALBANY PUBLIC LIBRARY

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Albany Public Library

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Albany Public Library (Library) as of and for the six months ending June 30, 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.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of 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 and each major fund of the Library, as of June 30, 2020, and the respective changes in financial position thereof for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Correction of Errors*

As discussed in Note 11 to the financial statements, the Library incorrectly recorded amounts in the prior year related to capital project expenditures and PILOT revenue. Accordingly, an adjustment has been made to fund equity in the general fund and capital projects fund, as well as net position in the entity-wide financial statements at January 1, 2020. Our opinion is not modified with respect to that matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), schedule of proportionate share of the net pension asset (liability), schedule of entity contributions, schedule of revenue, expenditures, and changes in fund equity - budget and actual - general fund, and schedule of changes in total OPEB liability on pages 3 through 7, and 37 through 40 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2020 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the 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 the Library's internal control over financial reporting and compliance.

\_\_\_\_\_, 2020  
Latham, NY

**ALBANY PUBLIC LIBRARY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2020**

This discussion and analysis of Albany Public Library’s (Library) financial performance provides an overview of the financial activities for the six months ending June 30, 2020. The Board of Trustees passed a resolution on December 10, 2019 to change the year end of the Library from December 31 to June 30, effective July 1, 2020. This document should be read in conjunction with the Library’s financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first statements are government-wide financial statements that provide both short-term and long-term information about the Library’s overall financial status.
- The remaining statements are fund financial statements that focus on individual segments of the Library, reporting the operations in more detail than the entity-wide statements. The government fund statements tell how general government services, such as culture and recreation, were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Library’s budget to actual for the year.

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

One of the most important questions asked about the Library’s finances is, “Is the Library, as a whole, better off or worse off as a result of the six month’s activities?” The Statement of Net Position and the Statement of Activities report information about the Library as a whole and about its activities in a manner that helps answer this question. These government-wide statements include all assets and liabilities and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period’s revenues and expenses are taken into account regardless of when cash is received or paid.

These government-wide financial statements report the Library’s net position and changes in that position. The Library’s net position – the difference between assets and deferred outflows, and liabilities and deferred inflows – is one way to measure the Library’s financial health, or financial position. Over time, increases or decreases in the Library’s net position are one indicator of whether its financial health is improving or deteriorating.

**ALBANY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE (CONTINUED)**

**Table 1  
Net Position**

	June 30, <u>2020</u>	December 31, <u>2019</u>	Increase (Decrease)	Percentage Change
Current assets	\$ 5,874,691	\$ 9,565,002	\$ (3,690,311)	-38.58%
Assets with restrictions	1,667,382	1,864,249	(196,867)	-10.56%
Capital assets	<u>31,379,176</u>	<u>31,903,996</u>	<u>(524,820)</u>	-1.64%
<b>Total Assets</b>	<b><u>\$ 38,921,249</u></b>	<b><u>\$ 43,333,247</u></b>	<b><u>\$ (4,411,998)</u></b>	-10.18%
 Deferred Outflows of Resources	 <u>\$ 5,734,974</u>	 <u>\$ 2,043,961</u>	 <u>\$ 3,691,013</u>	180.58%
Current liabilities	1,632,409	1,522,619	\$ 109,790	7.21%
Long-term liabilities	<u>35,362,908</u>	<u>29,714,028</u>	<u>5,648,880</u>	19.01%
<b>Total Liabilities</b>	<b><u>\$ 36,995,317</u></b>	<b><u>\$ 31,236,647</u></b>	<b><u>\$ 5,758,670</u></b>	18.44%
 Deferred Inflows of Resources	 <u>\$ 579,083</u>	 <u>\$ 5,227,433</u>	 <u>\$ (4,648,350)</u>	-88.92%
Net Position				
Invested in capital assets	\$ 9,269,457	\$ 9,725,573	\$ (456,116)	-4.69%
Restricted	1,665,590	1,839,659	(174,069)	-9.46%
Unrestricted	<u>(3,853,225)</u>	<u>(2,652,104)</u>	<u>(1,201,121)</u>	45.29%
<b>Total Net Position (Deficit)</b>	<b><u>\$ 7,081,822</u></b>	<b><u>\$ 8,913,128</u></b>	<b><u>\$ (1,831,306)</u></b>	-20.55%

The Library's revenues for the six months ended June 30, 2020 totaled \$4,826,293 (See Table 2). Property taxes accounted for 96% of total revenues. Expenses totaled \$6,376,115 of which approximately 45% is comprised of salaries and benefits for librarians and support staff.

**ALBANY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE (CONTINUED)**

**Table 2  
Governmental Activities**

	Six Month Period <u>June 30, 2020</u>	Year Ended <u>December 31, 2019</u>	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 40,231	\$ 156,881	\$ (116,650)	-74.36%
Operating grants	93,929	250,771	(156,842)	-62.54%
Capital grants	5,365	41,194	(35,829)	100.00%
General revenues				
Real property taxes	4,615,167	9,266,300	(4,651,133)	-50.19%
Donations	100	1,000	(900)	-90.00%
Interest income	59,264	109,551	(50,287)	-45.90%
Unrealized gain on investments	12,236	19,310	(7,074)	-36.63%
Realized loss on investments	-	(23)	23	-100.00%
State and federal sources	-	35,640	(35,640)	-100.00%
<b>Total Revenues</b>	<u>\$ 4,826,292</u>	<u>\$ 9,880,624</u>	<u>\$ (5,054,332)</u>	-51.15%
<b>Program Expenses</b>				
Culture and recreation	\$ 5,986,503	\$ 9,623,918	\$ (3,637,415)	-37.80%
Debt service - interest	389,612	786,243	(396,631)	-50.45%
<b>Total Expenses</b>	<u>\$ 6,376,115</u>	<u>\$ 10,410,161</u>	<u>\$ (4,034,046)</u>	-38.75%
<b>Change in Net Position</b>	<u>\$ (1,549,823)</u>	<u>\$ (529,537)</u>	<u>\$ (1,020,286)</u>	

- Capital grants relate to NYS construction grant project completion.

**Table 2  
Governmental Activities**

	(Six Months)			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Culture and recreation	\$ 5,986,503	\$ 9,623,918	\$ 9,129,258	\$ 9,042,536
Debt service interest	389,612	786,243	804,097	839,092
	<u>\$ 6,376,115</u>	<u>\$ 10,410,161</u>	<u>\$ 9,933,355</u>	<u>\$ 9,881,628</u>

- The cost of all governmental activities was \$6,376,115 for the six months ended June 30, 2020
- The users of the Library's programs funded \$40,231 of the costs through user fees.
- Operating grants subsidized certain expenses with contributions in the amount of \$93,929.
- Most of the Library's net costs of \$6,236,590 were funded by local taxpayers.

**ALBANY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2020**

**FUND ANALYSIS**

The Library utilizes three funds - General, Capital Projects, and Debt Service. The General Fund is used for the day to day operations of the Library. Significant activities within the General Fund include salaries and benefits, maintenance and operation of the buildings, and purchase of books, periodicals, and other resources of the community's use. The General Fund ended the year with an approximate \$682,000 surplus and a \$5.41 million fund equity compared to an approximate \$70,800 operating surplus and a \$4.95 million fund equity in 2019. The Capital Projects Fund ended the year with \$323,000 surplus in 2020 compared to a \$175,000 surplus in 2019. The Debt Service Fund's activity consisted of a debt payment of approximately \$446,000.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In the 2020 budget, revenue was projected to be \$4,646,958 and actual revenue was \$4,816,352 resulting in a favorable variance of \$199,647. This favorable variance was substantially due to increased PILOT income and interest income.

Total expenditures were budgeted at \$4,120,291; actual expenditures were \$3,793,362 resulting in a favorable variance of \$326,929.

The general fund equity at the end of the year was \$5,412,231. The current fund equity is necessary to sustain library operations and repay debt service obligations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

As of June 30, 2020, the Library had \$31,379,176 invested in a broad range of capital assets including land, buildings, computers, and other research and educational equipment, net of accumulated depreciation. Depreciation expense was \$618,077 and \$1,271,764 for the six months ended June 30, 2020 and the year ended December 31, 2019.

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Land	\$ 1,216,367	\$ 1,216,367
Buildings and improvements	29,932,130	30,215,268
Furniture and equipment	153,692	221,652
Vehicles	22,539	25,043
Construction in Progress	54,448	225,666
Capital assets, net	<u>\$ 31,379,176</u>	<u>\$ 31,903,996</u>

**ALBANY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2020**

**LONG-TERM DEBT**

As of June 30, 2020, the Library has a loan agreement with DASNY to repay \$20,710,000 in revenue bonds outstanding. As of June 30, 2020, the Library has \$10,038,464 accrued for other postemployment benefits, \$3,710,821 accrued for the proportionate share of the pension liability, and \$281,404 accrued for compensated absences. More detailed information about the Library's long-term debt is included in the notes to the financial statements.

**FACTORS BEARING ON THE FUTURE OF ALBANY PUBLIC LIBRARY**

The Library was aware of existing circumstances that could significantly affect its financial health in the future:

- Decisions to initiate new programs or services or to eliminate current programs or services will have an impact on the Library's financial position.
- Use of Library programs and services will be significantly reduced due to the pandemic.
- The success of virtual programming is unknown and requires significant investment.
- Transitioning library services to the "by appointment" model may require reallocation or additional staff.
- Transitioning library services to the "by appointment" model may reduce demand and usage.
- Increase in transactional services like curbside delivery and books by mail may require reallocation or additional staff.
- The Library has a collective bargaining agreement which expires on December 31, 2020, however a MOU extended it to December 31, 2021.
- The Library completed a bonded \$29.1 million facilities improvement project for the renovation of two existing branch library buildings, the renovation of another building into a branch library, and the construction of two additional branch libraries. This project was completed in 2010 and has resulted in a significant expansion of the Library's facilities which resulted in additional staffing and operating expenses.
- The debt service on the bonds for the facilities improvement will be paid through an additional tax levy not to exceed \$1,657,144 per year, which will run through FY 2037.
- As of 2018, the Library is now receiving an annual PILOT payment of at least \$441K; the most recent payment was \$480K.
- The library may now be responsible for making annual tax certiorari payments estimated at an accrual for this on entity-wide \$100K annually.
- Closure due to pandemic potentially decreases annual revenues through fines and fees by approximately \$60K.
- The effects of the COVID-19 outbreak may result in increased costs for the library, specifically in the form of an increased annual NYS retirement system payment, and higher health insurance costs.

**CONTACTING ALBANY PUBLIC LIBRARY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Albany Public Library's finances and to show Albany Public Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Scott Jarzombek at the Albany Public Library at 161 Washington Avenue, Albany, NY 12210.

**ALBANY PUBLIC LIBRARY  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

**Current Assets**

Cash	\$ 3,210,762
Investments	2,412,677
Accounts receivable	125,048
Prepaid expenditures	126,204
Total Current Assets	<u>5,874,691</u>

**Restricted Assets**

Deposits with bond trustee - cash	1,667,382
Total Restricted Assets	<u>1,667,382</u>

**Noncurrent Assets**

Capital assets, net of accumulated depreciation	<u>31,379,176</u>
Total Assets	<u>38,921,249</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred loss on refunding	249,955
Deferred outflows of resources - pensions	2,324,195
Deferred outflows of resources - other postemployment benefits	3,160,824
Total Deferred Outflows of Resources	<u>5,734,974</u>

Total Assets and Deferred Outflows of Resources	<u>44,656,223</u>
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**LIABILITIES**

**Current Liabilities**

Current portion of bonds payable	777,500
Accounts payable and accrued expenses	408,862
Accrued interest expense	446,047
Total Current Liabilities	<u>1,632,409</u>

**Noncurrent Liabilities**

Bonds payable, net of current portion	21,332,219
Compensated absences payable	281,404
Other postemployment benefits	10,038,464
Net pension liability	3,710,821
Total Noncurrent Liabilities	<u>35,362,908</u>

Total Liabilities	<u>36,995,317</u>
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**DEFERRED INFLOWS OF RESOURCES**

Grant and other funding received in advance	55,390
Deferred inflows of resources - pensions	319,471
Deferred inflows of resources - other postemployment benefits	204,222
Total Deferred Inflows of Resources	<u>579,083</u>

Total Liabilities and Deferred Inflows of Resources	<u>37,574,400</u>
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**NET POSITION**

Net Position	
Net investment in capital assets	9,269,457
Restricted	1,665,590
Unrestricted	(3,853,225)
Total Net Position	<u>\$ 7,081,822</u>

**ALBANY PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenue</u>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
Culture and recreation	\$ 5,986,503	\$ 40,231	\$ 93,929	\$ 5,365	\$ (5,846,978)
Debt service - interest	389,612	-	-	-	(389,612)
<b>Total Functions/Programs</b>	<u>\$ 6,376,115</u>	<u>\$ 40,231</u>	<u>\$ 93,929</u>	<u>\$ 5,365</u>	<u>\$ (6,236,590)</u>
<b>General Revenues</b>					
Real property taxes and tax items					4,615,167
Donations and other					100
Interest income					59,264
Unrealized gain on investments, net					12,236
<b>Total General Revenues</b>					<u>4,686,767</u>
<b>Change in Net Position</b>					<u>(1,549,823)</u>
Net Position, Beginning of Year as Originally Reported					8,913,128
Prior Period Adjustment- See Note 11					(281,483)
Net Position, Beginning of Year as Restated					<u>8,631,645</u>
<b>Total Net Position, End of Year</b>					<u>\$ 7,081,822</u>

See accompanying notes to financial statements.

**ALBANY PUBLIC LIBRARY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Fund</u>
<b>ASSETS</b>				
Cash	\$ 3,210,762	\$ -	\$ -	\$ 3,210,762
Investments	2,412,677	-	-	2,412,677
Accounts receivable	125,048	-	-	125,048
Prepaid expenditures	126,204	-	-	126,204
Restricted assets:				
Deposits with bond trustee - cash	-	438,759	1,228,623	1,667,382
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 5,874,691</u>	<u>\$ 438,759</u>	<u>\$ 1,228,623</u>	<u>\$ 7,542,073</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 407,070	\$ 1,792	\$ -	\$ 408,862
<b>TOTAL LIABILITIES</b>	<u>407,070</u>	<u>1,792</u>	<u>-</u>	<u>408,862</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Grant and other funding received in advance	55,390	-	-	55,390
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>55,390</u>	<u>-</u>	<u>-</u>	<u>55,390</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>462,460</u>	<u>1,792</u>	<u>-</u>	<u>464,252</u>
<b>FUND EQUITY</b>				
Nonspendable				
Prepaid expenditures	126,204	-	-	126,204
Restricted				
Debt service	-	-	1,228,623	1,228,623
Capital projects	-	436,967	-	436,967
Committed				
Capital Reserve	3,000,000	-	-	3,000,000
Assigned				
Designated for subsequent year's expenditures	174,378	-	-	174,378
Encumbrances	202,334	-	-	202,334
Unassigned	1,909,315	-	-	1,909,315
Total Fund Equity	<u>5,412,231</u>	<u>436,967</u>	<u>1,228,623</u>	<u>7,077,821</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>	<u>\$ 5,874,691</u>	<u>\$ 438,759</u>	<u>\$ 1,228,623</u>	<u>\$ 7,542,073</u>

**ALBANY PUBLIC LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Fund</u>
<b>Revenues</b>				
Real property taxes and tax items	\$ 4,615,167	\$ -	\$ -	\$ 4,615,167
Departmental income	40,231	-	-	40,231
Gifts and donations	100	-	-	100
Interest income	47,664	57	11,543	59,264
Unrealized gain (loss) on investments	13,896	-	(1,660)	12,236
Grants	99,294	-	-	99,294
	<u>4,816,352</u>	<u>57</u>	<u>9,883</u>	<u>4,826,292</u>
<b>Expenditures</b>				
Culture and recreation	2,939,243	-	-	2,939,243
Capital outlay	-	18,362	-	18,362
Debt service	-	-	446,047	446,047
Employee benefits	854,119	-	-	854,119
	<u>3,793,362</u>	<u>18,362</u>	<u>446,047</u>	<u>4,257,771</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,022,990</u>	<u>(18,305)</u>	<u>(436,164)</u>	<u>568,521</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	341,000	-	341,000
Operating transfers out	(341,000)	-	-	(341,000)
	<u>(341,000)</u>	<u>341,000</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>681,990</u>	<u>322,695</u>	<u>(436,164)</u>	<u>568,521</u>
Fund Equity, Beginning of Year as Originally Reported	4,951,124	174,872	1,664,787	6,790,783
Prior Period Adjustment- See Note 11	(220,883)	(60,600)	-	(281,483)
Fund Equity, Beginning of Year as Restated	<u>4,730,241</u>	<u>114,272</u>	<u>1,664,787</u>	<u>6,509,300</u>
<b>Fund Equity, End of Year</b>	<u>\$ 5,412,231</u>	<u>\$ 436,967</u>	<u>\$ 1,228,623</u>	<u>\$ 7,077,821</u>

**ALBANY PUBLIC LIBRARY  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND EQUITY TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2020**

Fund Equity all governmental funds		\$ 7,077,821
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Cost of capital assets	\$ 46,345,467	
Accumulated depreciation	<u>(14,966,291)</u>	31,379,176
Deferred inflows and outflows		
Deferred inflows of resources - pension		(319,471)
Deferred inflows of resources - otherpostemployment benefits		(204,222)
Deferred outflows of resources - pension		2,324,195
Deferred outflows of resources - otherpostemployment benefits		3,160,824
Long-term liabilities, including bonds payable and other debt, are not due and payable in the current period and are, therefore, not reported in the funds		
Accrued interest on bonds		(446,047)
Compensated absences payable		(281,404)
Other postemployment benefits		(10,038,464)
Net pension liability		(3,710,821)
Proceeds of long-term debt are recorded as other financing sources in the government funds; however, amounts are capitalized as long term liabilities in the Statement of Net Position for governmental activities		
Outstanding balance of revenue bonds, bond premium, and deferred loss on refunding		<u>(21,859,764)</u>
Net position of governmental activities		<u>\$ 7,081,823</u>

**ALBANY PUBLIC LIBRARY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

Net changes in fund equity - total governmental funds	\$	568,521
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.		
Depreciation expense, net of disposals	\$ (618,077)	
Capital outlays	<u>93,257</u>	(524,820)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the governmental funds but is recorded in the statement of activities.		
		(921,564)
In the statement of activities certain operating expenses - compensated absences payable and accrued interest costs are measured by the amount earned during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used (amount paid).		
		(127,579)
Other postemployment benefits are recorded as pay-as-you-go for the governmental funds but are recorded on the full accrual basis for the statement of activities.		
		(600,815)
Principal payments on long-term debt are recorded as expenditures in the governmental funds, but are not reported on the statement of activities. Amortization expense for the bond premium is recorded as an expenditure in the governmental funds, but is capitalized and amortized on the statement of activities. Amortization of the deferred loss on refunding is capitalized and amortized on the statement of activities, but is an expenditure in the governmental funds.		
Amortization of bond premium and deferred loss on refunding	56,435	
Bond principal payment	<u>-</u>	<u>56,435</u>
Change in net position - Governmental activities	\$	<u><u>(1,549,822)</u></u>

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**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

Albany Public Library (Library) is a municipal corporation formed in 2002. The Library commenced operations during July, 2002 in the City of Albany (the "City"), New York and is governed by a Board of Trustees which may consist of as many as nine members. A substantial portion of the Library's funding is provided by City of Albany taxpayers billed through the City School District of Albany.

The Library is chartered as a school district public library by the New York State Board of Regents and provides library services to residents within the geographic borders of the City of Albany.

The financial statements of Albany Public Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the entity's accounting policies are described below.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

Government-Wide Financial Statements

The statement of net position and the statement of activities present financial information about the Library's governmental activities. These statements include the financial activities of the overall government in its entirety. Interfund activity has been removed from these statements.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The fund statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of Albany Public Library are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The governmental funds are each considered major funds in the fund financial statements:

- A. General Fund - the general fund is the principal fund of the Library and includes all operations not required to be recorded in other funds.
- B. Capital Projects Fund - the capital projects fund is used to account for financial resources used for the acquisition or construction of major capital projects.

**ALBANY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

Fund Financial Statements (Continued)

- C. Debt Service Fund - the debt service fund is used to account for resources used to make principal and interest payments on the long-term debt.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

The modified accrual basis of accounting is followed by the governmental funds. Under this basis of accounting, revenue is recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenue sources considered susceptible to accrual in addition to real property taxes include state aid and library system aid. For those types of revenue sources, such as grants where expenditures are the prime factor for determining eligibility revenue is recognized when the expenditure is made.

Expenditures are recorded when the fund liability is incurred, except that:

- A. Debt service is recognized as an expenditure when due.
- B. Compensated absences are recognized as an expenditure when paid out.

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

Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

The Library's fund equity in the fund financial statements differs from net position of governmental activities in the government-wide financial statements primarily from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Equity vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund equity and the statement of activities fall into one of five broad categories listed below.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue when earned.

**ALBANY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

Long-Term Revenue and Expense Differences (Continued)

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used for the statement of activities.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

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

OPEB Differences

OPEB differences occur as a result of changes in the Library's total OPEB liability and differences between the Library's contributions and OPEB expense.

***Budget and Budgetary Accounting***

The Board of Trustees passed a resolution on December 10, 2019 to change the year end of the Library from December 31 to June 30, effective July 1, 2020. The tax levy is coincident with the City School District's fiscal year of July 1 through June 30 and now the new fiscal year of the Library. The proposed tax levy and supplemental propositions for the Library, as established by the trustees, shall be placed before the voters in the year preceding the year which a proposed budget has been established (i.e. in 2019 for the budget to be prepared for fiscal year 2020). All levy propositions require approval by a majority of voters in the City School District of Albany, hereinafter referred to as the majority. Upon approval of such proposed tax levy and of any propositions by the majority, the proposed tax levy becomes the Library tax levy for the following year. In the event that the proposed tax levy is not approved by the majority, the proposed library budget is deemed amended so that the portion of the proposed budget providing for real property tax revenue to be received from the school district be changed to equal the real property tax revenue provided for the Library budget in effect as of the time of the vote as amended by the supplemental appropriations if approved. In the event that the voters do not approve the proposed tax levy as aforesaid and upon the proposed budget being deemed amended the real property taxes to be levied by the school district for the library are levied in an amount consistent with the prior year rather than the amount as set forth in the proposed tax levy.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Budget and Budgetary Accounting***

After the annual budgets have been adopted, the school district levies upon the taxable real property the amounts to be raised by tax for the purposes of the Library as specified in the Library's annual budget and causes the amount so levied to be collected, in the same manner and at the same time and by the same officers as school taxes are assessed, levied, and collected.

The budget is adopted annually on a basis consistent with GAAP.

***Interfund Transactions***

The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Library's practice to settle these amounts at a net balance based upon the right of legal offset.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates.

***Investments***

Investments consist of U.S. Treasury and New York State securities and are stated at fair value based on quoted market prices.

**Credit Risk**

In compliance with New York State Law, Library investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State of New York, time deposit accounts, and certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State, and certain joint or cooperative investment programs.

**ALBANY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Investments***

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the fair value of purchased securities in repurchase transactions must be maintained, and the securities must be held by a third party in the Library's name. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. Collateral is required for deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by federal deposit insurance. Banks can satisfy collateral requirements by furnishing a letter of credit, a surety bond, or by pledging eligible securities as specified in Section 10 of New York State General Municipal Law.

***Capital Assets, Net***

Capital assets are reported at actual acquisition cost. Donated assets are reported at the estimated fair market value at the time received. The capitalization threshold for building improvements, furniture, and equipment is established at \$1,500. Depreciation is computed using the straight-line method over the estimated useful life of the capital asset and is reported as an expense in the government-wide financial statements. The following are the estimated useful lives:

Land	N/A
Buildings and Improvements	5-40 years
Furniture and equipment	3-20 years
Vehicles	5-7 years

***Inexhaustible Collections***

The value of books, art collections, and library materials, constituting inexhaustible collections, is not readily determinable and, therefore, the Library has not capitalized them or otherwise recognized such assets on the financial statements. In addition, books used in the circulating library have not been capitalized.

***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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 and will not be recognized as an inflow of resources (revenue) until that time.

**ALBANY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Compensated Absences***

The liability for compensated absences (accrued vacation and personal time) is calculated at rates in effect as of the statement of net position date and is recorded in the governmental funds in as much as it will be funded from current financial resources and as long-term debt for amounts to be paid from future financial resources in government-wide financial statements.

***Retirement Benefits***

Library employees participate in the New York State and Local Employees' Retirement System and the Public Employees' Life Insurance Plan.

***Other Postemployment Benefits***

In addition to providing the retirement benefits described above, the Library provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the Library and its employees. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the Library. The Library pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

***Fair Value Measurement of Financial Instruments***

Generally Accepted Accounting Principles establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Library has the ability to access.
Level 2	Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Fair Value Measurement of Financial Instruments***

The asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used at June 30, 2020.

Investments in certificates of deposit, U.S. Treasury Notes, and U.S. Treasury Bills are valued based on quoted market prices. Investments in municipal bonds are valued based on prices obtained from a pricing service using primarily Matrix pricing which considers observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, credit information and the bonds terms and conditions, among other inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Library believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

***Fair Value Measurement of Financial Instruments***

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	<u>Fair Value</u>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates of Deposit	\$ 652,349	\$ 652,349	\$ -	\$ -
Municipal Bonds	<u>1,760,328</u>	<u>-</u>	<u>1,760,328</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 2,412,677</u>	<u>\$ 652,349</u>	<u>\$ 1,760,328</u>	<u>\$ -</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the six months ending June 30, 2020, there were no transfers in or out of levels 1, 2 or 3.

***Net Position***

Government-Wide Statements

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

**ALBANY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Net Position***

Net investment in capital assets consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position includes items where constraints placed on them are either externally imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position includes all other items that do not meet the definition of the above two classifications and are deemed to be available for general use by the Library.

***Fund Equity***

Fund Statements

In the fund financial statements there are five allowable classifications of fund equity:

Non-spendable fund equity - Includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact. Non-spendable fund equity consists of the prepaid expenditures in the general fund at June 30, 2020.

Restricted fund equity - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Library has the following restricted fund equity at June 30, 2020:

Debt Service - The debt service restricted fund equity is used to restrict the portion of fund equity that will be used to pay down a portion of the DASNY serial bonds. The restricted fund equity is maintained within the debt service fund.

Capital Projects - The capital projects restricted fund balance is used to restrict the portion of fund balance that is used to properly maintain the Library's facilities and is not available for appropriation. The restricted fund balance is maintained with the capital projects fund.

Committed fund equity - includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision making authority i.e. the Board of Trustees. The Library's committed capital reserve fund balance at June 30, 2020 is \$3,000,000.

Assigned fund equity - Includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund equity also includes encumbrances not classified as restricted as of the end of the fiscal year. Amounts designated for subsequent years' expenditures reported in the general fund amount to \$174,378 at June 30, 2020. Encumbrances reported in the General fund amounted to \$202,334 at June 30, 2020.

**ALBANY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Fund Equity***

Fund Statements

Unassigned fund equity - 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.

Order of Fund Equity Spending Policy

The Library's policy is to apply expenditures against non-spendable fund equity (if allowable), restricted fund equity, committed fund equity, assigned fund equity, and unassigned fund equity at the end of the fiscal year. For all funds, non-spendable fund equity is determined first and then restricted fund equity for specific purposes are determined. Any remaining fund equity amounts for funds other than the general fund are classified as assigned fund equity. In the general fund, committed fund equity is determined next and then assigned fund equity. The remaining amounts are reported as unassigned. Assignments of fund equity cannot cause a negative unassigned fund equity.

***Grant Funding Received in Advance***

The Library reports grants received in advance on its balance sheet and statement of net position. This arises as a result of the Library receiving grants in advance of the work to be performed. Once the work is performed, usually construction in nature, the revenue recognition criteria is met and this deferred inflow is removed from the balance sheet and the statement of net position and revenue is recognized.

***Application of Accounting Standards***

Implementation of New Accounting Standards

The Library has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable and effective for the six months ending June 30, 2020 none of which had a significant impact to the financial statements:

***Application of Accounting Standards***

Implementation of New Accounting Standards

GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Future Changes in Accounting Standards

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Future Changes in Accounting Standards

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022

The Library will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**2. CASH AND INVESTMENTS**

All deposits were covered entirely by collateral or federal depository insurance at June 30, 2020.

	<b><u>Bank Balance</u></b>	<b><u>Carrying Amount</u></b>
Cash	\$ 3,671,994	\$ 3,210,762
Collateralized with securities held by the pledging financial institution's trust department or agent in the Library's name	(4,186,897)	
Covered by FDIC insurance	(250,000)	
Total (Over Insured)/Under Insured	\$ (764,903)	

The Library typically does not purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The Library typically does not purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. CASH AND INVESTMENTS**

The Library's unrestricted investments consisted of the following at June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Certificates of Deposit	\$ 223,354	<1.00
Certificates of Deposit	428,995	>1.00
Municipal Bonds	608,866	<1.00
Municipal Bonds	1,151,462	>1.00
	<u>\$ 2,412,677</u>	

Credit risk of the Library's unrestricted investments at December 31, 2019 is as follows:

<u>Average Rating</u>	<u>State and Local Agencies</u>	<u>Certificates of Deposit</u>
AAA	\$ 304,576	\$ -
AA+	820,907	-
AA-	128,034	-
AA	186,589	-
A	105,630	-
A+	5,222	-
A-	104,608	-
Unrated	<u>104,762</u>	<u>652,349</u>
Total	<u>\$ 1,760,328</u>	<u>\$ 652,349</u>

**3. DEPOSITS WITH BOND TRUSTEE**

These amounts are maintained in a debt service fund. The debt service fund holds amounts required to be set aside by the Library's bond agreement to pay future principal and interest payments related to the 2016 issued bonds.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. CAPITAL ASSETS, NET**

A summary of changes in capital assets for the six months ending June 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balance</u>
Capital assets - not depreciated				
Land	\$ 1,216,367	\$ -	\$ -	\$ 1,216,367
Construction Progress	<u>225,666</u>	<u>5,365</u>	<u>(176,583)</u>	<u>54,448</u>
Total Non-depreciable Costs	<u>1,442,033</u>	<u>5,365</u>	<u>-</u>	<u>1,270,815</u>
Capital assets - depreciated				
Buildings and improvements	42,374,421	264,475	-	42,638,896
Furniture and equipment	2,330,159	-	-	2,330,159
Vehicles	<u>105,597</u>	<u>-</u>	<u>-</u>	<u>105,597</u>
Total Depreciable Costs	<u>44,810,177</u>	<u>264,475</u>	<u>-</u>	<u>45,074,652</u>
Less: Accumulated depreciation				
Buildings and improvements	12,159,153	547,613	-	12,706,766
Furniture and equipment	2,108,507	67,960	-	2,176,467
Vehicles	<u>80,554</u>	<u>2,504</u>	<u>-</u>	<u>83,058</u>
Total Accumulated Depreciation	<u>14,348,214</u>	<u>618,077</u>	<u>-</u>	<u>14,966,291</u>
Capital Assets, Net	<u>\$ 31,903,996</u>	<u>\$ (348,237)</u>	<u>\$ -</u>	<u>\$ 31,379,176</u>

Depreciation expense was allocated to culture and recreation for the six months ending June 30, 2020.

**5. INTERFUND BALANCES OR ACTIVITY**

Interfund balances and activities at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ -	\$ -	\$ 341,000
Capital Projects Fund	-	-	341,000	-
Debt Service Fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,000</u>	<u>\$ 341,000</u>

**6. LONG-TERM LIABILITIES**

On December 6, 2016, the Dormitory Authority of the State of New York issued \$22,745,000 of insured revenue bonds secured by real property tax revenues to advance refund \$23,945,000 of the Library's bond indebtedness with interest rates ranging from 4% to 4.5%. \$13,960,000 was issued as serial bonds and \$8,785,000 was issued as term bonds. The serial bonds carry an interest rate of 2% to 5% and mature between July 1, 2017 and July 1, 2031. The term bonds were divided into three lots with \$2,730,000 paying 3.5% due on July 1, 2033, \$2,920,000 paying 3.5% due on July 1, 2035, and \$3,135,000 paying 3.625% due on July 1, 2037.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. LONG-TERM LIABILITIES**

Principal payments on the bonds are due on the first day of every July and interest payments on the bonds are due on the first day of every January and July.

The bonds were issued at a premium of \$1,904,763 which will be amortized over the life of the bonds based on the weighted average of the outstanding principal balance. Amortization of \$68,704 was recorded during the six months ended June 30, 2020.

The bonds incurred a loss from the refunding which is presented as a deferred outflow of resources reported in the government-wide statement of net position. The loss represents a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The loss from the refunding of \$340,144 which will be amortized over the life of the bonds based on the weighted average of the outstanding principle balance. Amortization of \$12,269 was recorded during the six months ended June 30, 2020.

Interest on long-term debt for the year was composed of:

Interest paid - Long-term debt	\$ 446,047
Plus: interest accrued in the current year	446,047
Less: interest accrued in the prior year	446,047
Less: amortization of bond premium and deferred charges	<u>56,435</u>
 Total interest expense	 <u>\$ 389,612</u>

The Library's bond indebtedness as June 30, 2020 is summarized below:

	<b>December 31, 2019 <u>Balance</u></b>	<b><u>Additions</u></b>	<b><u>Payments/ Amortization</u></b>	<b>June 30, 2020 <u>Balance</u></b>
Insured revenue bonds	\$ 20,710,000	\$ -	\$ -	\$ 20,710,000
Premium on bonds, net	<u>1,468,423</u>	<u>-</u>	<u>(68,704)</u>	<u>1,399,719</u>
	<u>\$ 22,178,423</u>	<u>\$ -</u>	<u>\$ (68,704)</u>	<u>22,109,719</u>
 Current portion of long term debt				 <u>(777,500)</u>
 Long term portion				 <u>\$ 21,332,219</u>

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. LONG-TERM LIABILITIES**

The long-term debt service requirements for the Library's bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2021	\$ 760,000	\$ 876,894	\$ 134,887	\$ 1,771,781
2022	795,000	845,794	129,728	1,770,522
2023	825,000	809,269	124,354	1,758,623
2024	865,000	767,019	118,747	1,750,766
2025	910,000	722,644	112,859	1,745,503
2026-2030	5,275,000	2,865,844	465,120	8,605,964
2031-2035	6,660,000	1,467,581	267,317	8,394,898
2036-2038	<u>4,620,000</u>	<u>254,272</u>	<u>46,707</u>	<u>4,920,979</u>
Total	<u>\$ 20,710,000</u>	<u>\$ 8,609,317</u>	<u>\$ 1,399,719</u>	<u>\$ 30,719,036</u>

The balance of compensated absences consists of:

	<u>Balance December 31, 2019</u>	<u>Net change (A)</u>	<u>Balance December 31, 2020</u>
Compensated absences	<u>\$ 153,825</u>	<u>\$ 127,579</u>	<u>\$ 281,404</u>

(A) Additions and deletions to compensated absences are shown net because it is impracticable to determine these amounts separately.

**7. EMPLOYEES' RETIREMENT SYSTEMS**

***General Information***

The Library participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (the Systems). These Systems are cost sharing, multiple employer, and public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

***Employees' Retirement Systems***

The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems 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 Systems. The Comptroller of the State of New York serves as trustee of the Fund and is the administrative head of the Systems. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the Systems, the election is irrevocable. The New York State Constitution provides that pension membership is a

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. EMPLOYEES' RETIREMENT SYSTEMS**

***Employees' Retirement Systems***

contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY, 12208 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

***Contributions***

The Systems are noncontributory except for employees who joined the System after July 27, 1976. Those employees who joined after July 27, 1976 have varying contribution rates and terms based upon their date of membership as follows:

***Contributions***

<u>Tiers</u>	<u>Plan Entry Dates</u>	<u>Contribution Rate</u>	<u>Term</u>
4	7/27/1976 - 12/31/2009	3% of salary	First ten years of membership
5	1/1/2010 - 3/31/2012	3% - 3.5% of salary	Active membership
6	4/1/2012 - present	3% - 6% of salary	Active membership

Employee contributions rates under tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing employers' contributions based on the salaries paid during the System's fiscal year ending on March 31.

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

2020	\$ 455,893
2019	441,844
2018	436,071

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

***Pension Liabilities***

At June 30, 2020, the Albany Public Library reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for the Systems. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The Library's proportion of the net pension asset/(liability) was based on the projection of the Library's long-term share of contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the Library.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. EMPLOYEES' RETIREMENT SYSTEMS**

***Pension Liabilities***

Actuarial valuation date	April 1, 2019
Library's net pension asset/(liability)	\$ (3,710,821)
Library's portion of the Plan's total net pension asset/(liability)	0.0140134%

***Pension Expense***

For the six months ending June 30, 2020, the Library recognized its proportionate share of the pension expense of \$1,259,755.

***Collective Deferred Outflows and Inflows of Resources Related to Pension***

At June 30, 2020, the Library reported deferred outflows and deferred inflows of resources related to the pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experiences	\$ 218,397	\$ -
Changes of assumptions	74,718	64,518
Net difference between projected and actual earnings on pension plan investments	1,902,347	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,131	254,953
Contributions subsequent to the measurement date	<u>112,602</u>	<u>-</u>
Total	<u>\$ 2,324,195</u>	<u>\$ 319,471</u>

***Collective Deferred Outflows and Inflows of Resources Related to Pension***

The Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2021. The other cumulative amounts reported as deferred outflows of resources, and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended:	
2021	\$ 263,355
2022	462,155
2023	639,249
2024	527,363
2025	-
Thereafter	-

Deferred outflows of resources and deferred inflows of resources resulting from changes in an individual employer's proportion are amortized over a five year closed period, reflecting the average remaining service life of members (active and inactive members), respectively.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. EMPLOYEES' RETIREMENT SYSTEMS**

***Actuarial Assumptions***

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.8%
Salary scale	4.2%
Cost of living adjustments	1.3% annually
Decrements	April 1, 2010 – March 31, 2015
	System's experience
Inflation rate	2.5%
Mortality improvement	Scale MP-2018

The annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. The actuarial assumptions used in the April 1, 2019 valuations are based on the results of an actual experience study for the period April 1, 2010 - March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity	36%	4.05%
International equity	14	6.15
Private equity	10	6.75
Real estate	10	4.59
Absolute return strategies (1)	2	3.25
Opportunistic portfolio	3	4.65
Real assets	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation-indexed bonds	<u>4</u>	0.50
Total	<u>100%</u>	

\*Real rates of return are net of the long-term inflation assumption of 2.5% for 2020.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. EMPLOYEES' RETIREMENT SYSTEMS**

***Actuarial Assumptions***

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic and international equity, respectively.

***Discount Rate***

The discount rate used to calculate the total pension asset/(liability) was 6.8% for the measurement date. 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 determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

***Sensitivity of the Proportionate Share of the Net Pension Asset/(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 one-percentage point lower (5.8%) or one-percentage point higher (7.8%) than the current rate:

	<b>1% Decrease <u>(5.8%)</u></b>	<b>Current Assumption <u>(6.8%)</u></b>	<b>1% Increase <u>(7.8%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (6,810,403)</u>	<u>\$ (3,710,821)</u>	<u>\$ (856,092)</u>

***Changes of Assumptions***

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided pension benefits.

***Collective Pension Expense***

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the six months ending June 30, 2020 is \$1,143,899.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. EMPLOYEES' RETIREMENT SYSTEMS**

***Payables to the Pension Plan***

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$112,602.

**8. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

***Plan Description and Benefits Provided***

The Library provides postemployment benefits of health, dental, vision, and prescription drug coverage to retired employees and their dependents through two plans prior to Medicare eligibility in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Library's contractual agreement. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

***Funding Policy***

The obligations of the Plan members and employer are established by action of the Library pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on hire date and retirement date, as well as their applicable agreement. Employees are eligible for the retiree health benefits upon retirement for employees and spouses if retiring with at least 15 years of service with the Library. The Library currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. The cost of providing this benefit for 30 retirees was approximately \$73,311 for the six months ending June 30, 2020.

***Employees Covered by Benefit Terms***

June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>58</u>
Total plan members	<u><u>88</u></u>

***Net OPEB Liability***

The Library's total OPEB liability was measured as of June 30, 2019; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as January 1, 2019.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

***Actuarial Assumption and Other Inputs***

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	0.00%
Discount Rate	3.50%
Healthcare cost trend rates	7.50% for 2020 decreasing to an ultimate rate of 4.50% by 2040.

Mortality rates were based on Pub-2010 Public Retirement Plans General mortality table with no pre-retirement rates projected generationally with Scale MP-2019.

Retirement participation rate assumed that employees may retire at age 55 but may elect to retire at different ages. It is assumed 100% of eligible active members will elect to continue health coverage upon retirement. If an employee has waived active medical coverage, they are assumed not to participate in the retiree medical plan. Ninety percent of eligible male actives and sixty percent of eligible female actives that are participating are assumed to be married and will elect spousal coverage at retirement.

The discount rate was based on the Bond Buyer 20-Bond GO Index.

***Changes in the Net OPEB Liability***

Changes in the Library's net OPEB liability were as follows:

	<b>Total OPEB Liability <u>[a]</u></b>	<b>Plan Fiduciary Net Position <u>[b]</u></b>	<b>Net OPEB Liability <u>[a] - [b]</u></b>
<b>Balances at December 31, 2019</b>	\$ 7,124,771	\$ -	\$ 7,124,771
Changes for the year:			
Service cost	340,020	-	340,020
Interest	151,774	-	151,774
Difference between expected and actual experience	-	-	-
Employer contributions	-	86,076	(86,076)
Changes of assumptions or other inputs (change in discount rate)	2,507,975	-	2,507,975
Benefit payments	<u>(86,076)</u>	<u>(86,076)</u>	<u>-</u>
Net changes	<u>2,913,693</u>	<u>-</u>	<u>2,913,693</u>
<b>Balances, June 30, 2020</b>	<u>\$ 10,038,464</u>	<u>\$ -</u>	<u>\$ 10,038,464</u>

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the Library's total OPEB liability, as well as what the Library's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total OPEB Liability	<u>\$ 12,342,190</u>	<u>\$ 10,038,464</u>	<u>\$ 8,279,885</u>

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the Library's total OPEB liability, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.50% decreasing to 3.50%) or 1 percentage point higher (8.50% decreasing to 5.50%) than the current healthcare cost trend rate:

	<b>1% Decrease (6.50% Decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rate (7.50% Decreasing to 4.50%)</b>	<b>1% Increase (8.50% Decreasing to 5.50%)</b>
Total OPEB Liability	<u>\$ 8,077,833</u>	<u>\$10,038,464</u>	<u>\$ 12,953,796</u>

***OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB***

For the six months ending June 30, 2020, the Library recognized OPEB expense of \$620,726. At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 3,225,324	\$ -
Differences between expected and actual experience	-	(213,101)
Contributions subsequent to measurement period	73,311	-
Amounts recognized in OPEB expense	<u>(137,811)</u>	<u>8,879</u>
Total	<u>\$ 3,160,824</u>	<u>\$ (204,222)</u>

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**8. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending <u>December 31,</u></b>	
2021	\$ 257,862
2022	257,862
2023	257,862
2024	257,862
2025	257,862
Thereafter	1,593,981

**9. COMMITMENTS AND CONTINGENCIES**

***Grant Programs***

The Library participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Library believes based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will be immaterial to the Library's financial position or results of operations.

***Other Items***

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Library and its future results and financial position is not presently determinable.

**10. PAYMENT IN LIEU OF TAXES**

The City of Albany enters into various property tax abatement programs for the purpose of economic development. The Library's property tax revenue was reduced \$705,695. The Library received Payment in Lieu of Taxes (PILOT) payments totaling \$480,186 resulting in a total abatement of \$225,509.

**11. PRIOR PERIOD ADJUSTMENTS**

During the six months ending June 30, 2020, the Library noted that prior year PILOT revenues were incorrectly recorded. As a result, a prior period adjustment was recorded in the general fund of \$220,883, decreasing beginning of year fund equity. It was also identified that there were various capital project expenditures that were incurred during 2019, but were recorded in the six months ending June 30, 2020. As a result, a prior period adjustment was recorded of \$60,600, decreasing beginning of year fund equity. These adjustments resulted in a prior period adjustment in the entity-wide statements of \$281,483, decreasing beginning of year net-position.

**ALBANY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**12. SUBSEQUENT EVENTS**

The Library's management has evaluated events subsequent to the statement of net position date of June 30, 2020 through \_\_\_\_\_, 2020 which is the date these financial statements were available to be issued, and have determined that there are no other subsequent events that require recording or disclosure.

DRAFT

**ALBANY PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue</b>				
Real property tax levy	\$ 3,576,511	\$ 3,576,511	\$ 3,565,936	\$ (10,575)
Real property tax levy - branch improvement plan	-	828,348	828,348	-
PILOT Payment	-	-	220,883	220,883
NYS Grants & Aid	119,300	119,300	93,929	(25,371)
Federal Grants & Aid	16,000	16,000	-	(16,000)
Other Grants/Construction Aid	31,154	31,154	5,365	(25,789)
Fees and sales	40,000	40,000	17,411	7,664
Interest income	10,000	10,000	47,664	37,664
Unrealized gain on investments	-	-	13,896	13,896
Rental Income	25,645	25,645	22,920	(2,725)
<b>Total Revenues</b>	<u>3,818,610</u>	<u>4,646,958</u>	<u>4,816,352</u>	<u>199,647</u>
<b>Expenditures</b>				
Culture and recreation				
Full-time Salaries	1,658,178	1,658,178	1,633,924	24,254
Part-time Salaries	335,129	335,129	378,777	(43,648)
North Albany Services	9,600	9,600	9,600	-
Utilities & Telephone	85,000	85,000	65,630	19,370
Building Repairs & Maintenance	65,000	65,000	72,017	(7,017)
Maintenance Service Contracts	112,000	112,000	74,145	37,855
Custodial Supplies	35,000	35,000	20,272	14,728
Vehicle Maintenance	4,000	4,000	2,071	1,929
Truck/Van Purchase	30,000	30,000	-	30,000
Construction Grant Expenses	31,154	31,154	5,365	25,789
Furniture/Building Improvements	25,000	25,000	3,760	21,240
Books & Audio/Visual Materials	209,793	209,793	106,869	102,924
Periodicals	52,000	26,000	28,882	(2,882)
Central Library Development	90,151	90,151	50,657	39,494
Central Book Aid	39,817	39,817	39,176	641
Digital Content	35,000	35,000	104,901	(69,901)
Programming	45,700	45,700	23,986	21,714
Office & Library Supplies	30,000	30,000	16,270	13,730
Bank Fees	2,500	2,500	3,019	(519)
Memberships	2,500	2,500	1,850	650
Postage	3,000	3,000	7,595	(4,595)
Publicity & Printing	12,500	12,500	11,247	1,253
Training & Travel	15,000	15,000	8,300	6,700
Community Activities	5,000	5,000	2,740	2,260
Professional Services	62,000	62,000	87,668	(25,668)
Tax Cert. Payments	50,000	50,000	16,870	33,130
Insurance	31,222	31,222	31,236	(14)
Information Technology services	102,837	102,837	91,999	10,838
Information Technology software	39,350	39,350	17,741	21,609
Information Technology hardware	48,000	48,000	22,676	25,324
<b>Total cultural and recreational</b>	<u>3,266,431</u>	<u>3,240,431</u>	<u>2,939,243</u>	<u>301,188</u>
Employee benefits				
NYS Retirement System	222,338	222,338	222,601	(263)
Payroll taxes & processing fees	157,522	157,522	158,033	(511)
Employee Benefits	500,000	500,000	473,485	26,515
<b>Total employee benefits</b>	<u>879,860</u>	<u>879,860</u>	<u>854,119</u>	<u>25,741</u>
<b>Total Expenditures</b>	<u>4,146,291</u>	<u>4,120,291</u>	<u>3,793,362</u>	<u>326,929</u>
<b>Excess of Revenue Over Expenditures</b>	<u>(327,681)</u>	<u>526,667</u>	<u>1,022,990</u>	<u>526,576</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out to Capital Projects	-	-	(341,000)	(341,000)
Transfers out to Debt Service	-	(828,348)	-	828,348
<b>Total other financing uses</b>	<u>-</u>	<u>(828,348)</u>	<u>(341,000)</u>	<u>487,348</u>
<b>Net Change in Fund Equity</b>	<u>(327,681)</u>	<u>(301,681)</u>	<u>681,990</u>	<u>1,354,924</u>
Fund Equity, Beginning of Year as Originally Reported	4,951,124	4,951,124	4,951,124	-
Prior Period Adjustment- See Note 11	-	-	(220,883)	(220,883)
Fund Equity, Beginning of Year as Restated	<u>4,730,241</u>	<u>4,730,241</u>	<u>4,730,241</u>	<u>-</u>
<b>Fund Equity, End of Year</b>	<u>\$ 4,623,443</u>	<u>\$ 4,649,443</u>	<u>\$ 5,412,231</u>	<u>\$ 1,354,924</u>

The accompanying notes are an integral part of these statements

**ALBANY PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

	Fiscal Year Ending *		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	6/30/2019	12/31/2018	12/31/2017
Service cost	\$ 340,020	390,974	\$ 326,495
Interest	151,774	219,700	217,372
Changes in benefit terms	-	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-	(230,859)	-
Change in assumptions and other inputs	2,507,975	255,032	608,097
Employee contributions	-	-	-
Benefit payments	<u>(86,076)</u>	<u>(143,277)</u>	<u>(102,706)</u>
Net Change in Total OPEB Liability	2,913,693	491,570	1,049,258
Total OPEB Liability - beginning	<u>7,124,771</u>	<u>6,633,201</u>	<u>5,583,943</u>
Total OPEB Liability - ending	<u>\$ 10,038,464</u>	<u>7,124,771</u>	<u>\$ 6,633,201</u>
Covered-employee payroll	\$ 2,954,633	2,768,716	\$ 2,795,421
Total OPEB Liability as a percentage of covered-employee payroll	339.75%	257.33%	237.29%

\* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of the measurement date.

**ALBANY PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

	<b>ERS Pension Plan Last 10 Fiscal Years</b>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension asset (liability)	0.014013%	0.014354%	0.014106%	0.013994%	0.013311%	0.012863%
Proportionate share of the net pension asset (liability)	\$(3,710,821)	\$ (1,017,009)	\$ (455,266)	\$ (1,314,899)	\$ (2,136,441)	\$ (434,545)
Covered-employee payroll	\$ 3,440,999	\$ 3,363,215	\$ 3,236,669	\$ 3,053,232	\$ 2,932,694	\$ 2,753,103
Proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	107.84%	30.24%	14.07%	43.07%	72.85%	15.78%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. The information above is as of the measurement date of the plan.

**ALBANY PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF ENTITY CONTRIBUTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**ERS Pension Plan  
Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 440,978	\$ 438,958	\$ 426,432	\$ 414,914	\$ 417,669	\$ 470,241
Contributions in relation to the contractually required contribution	(440,978)	(438,958)	(426,432)	(414,914)	(417,669)	(470,241)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$3,440,999	\$ 3,363,215	\$3,236,669	\$ 3,053,232	\$ 2,932,694	\$ 2,753,103
Contributions as a percentage of covered-employee payroll	12.82%	13.05%	13.18%	13.59%	14.24%	17.08%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. The information above is as of the measurement date of the plan.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees  
Albany Public Library

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Albany Public Library (Library), as of and for the six months ending June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated \_\_\_\_\_, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing 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 the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

## **Albany Public Library's Response to Findings**

The Albany Public Library's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

\_\_\_\_\_, 2020  
Latham, NY

DRAFT

**ALBANY PUBLIC LIBRARY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of independent auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?   X   Yes        No

Significant deficiency(ies) identified not  
Considered to be material weaknesses?        Yes   X   No

Noncompliance material to the financial  
Statements noted?        Yes   X   No

**Section II - Financial Statement Findings**

Material Weakness

Finding 2020-001 Audit Adjustments

*Criteria*

In order to present an accurate Statement of Net Position of the Library, certain accounts and reports should be reviewed throughout the year and at year end by management to properly reflect activity related to the current year.

*Condition*

As a result of audit procedures, it was noted that some transactions were not properly reflected in the current period or adjusted to reflect subsequent information for the current period.

*Cause*

Some transactions were inaccurately recorded in the incorrect period.

*Effect*

Without the application of audit procedures to account balances, the following accounts would be incorrectly stated at year end: accounts payable, encumbrances, prepaid expenditures, deferred income, general fund revenue and expenditures and capital fund expenditures.

DRAFT

**ALBANY PUBLIC LIBRARY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

*Context*

As part of our audit procedures, we review transactions to ensure they are recorded in the correct period. Our procedures identified items included in accounts payable that should have been included in encumbrances due to spending near year end. There were capital fund expenditures recorded in the incorrect period. Deferred income was overstated due to reoccurring journal entries. Additionally, consideration was not given to prepaid expenditures given the change in the fiscal year and the calendar year contracts that the Library enters in annually.

*Recommendation*

We recommend that the Library review procedures to ensure that all expenditures are recorded in the proper period in which the expenditure was incurred. The Library should follow a clearly documented year-end closing process to ensure proper account reconciliations are performed on a timely basis and all cut-off procedures are performed accurately. This process should also involve a timely review by the appropriate person. Proper and timely reconciliations and review processes will strengthen internal controls and ensure that accurate financial information is being presented at any point in time.

*Management's Response*

At the end of the 6 month fiscal period, we had a number of goods/services that had been ordered but not received/invoiced as of 6/30/20. The orders were intended to come out of the 6 month budget, so once we did receive the invoices, we recorded them to the 6 month fiscal period. The Envisionware project and numerous book/DVD orders comprised the majority of the invoices handled in this way. In the case of the book/DVD orders, the COVID-related closures of both the library and the vendors led to a significant portion of the budget being unused as of late June, hence the abundance of last-minute orders. The Envisionware project was always intended to come out of the 6 month budget. The COVID closures also delayed work on this project. We now have these transactions recorded in the current fiscal year as prior-year encumbrances. In the future, we do not believe we will run into this problem, as we usually cease ordering well in advance of the end of the fiscal year. Additionally, we typically don't have issues (such as the COVID closures) preventing us from steadily spending down all of our budgets throughout the fiscal year. Essentially, we believe this issue occurred due to the abbreviated nature of the 6 month fiscal period, combined with the delays caused by the COVID closures.

**ALBANY PUBLIC LIBRARY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**Finding 2019-002**      Compliance with Procurement Policy

*Condition:* During 2019, there were identified capital purchases that had no quotes or bids on the purchase prior to procurement. However, it is further noted that the purchases did properly follow the Library's purchasing policy as it relates to the approval process of purchases.

Current Status

The Library has implemented their corrective action plan for the above finding, therefore finding not required to be repeated.

DRAFT