

**Pound Ridge Library District,
New York**

Financial Statements and
Supplementary Information

Year Ended December 31, 2021

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Independent Auditors' Report

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Pound Ridge Library District, New York ("District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit for the year ended December 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves for the year ended December 31, 2021, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America the basic financial statements of the District as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated April 27, 2021 which contained unmodified opinions on the respective financial statements of the governmental activities and the major fund. The individual fund financial statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information was subjected to the audit procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

April 6, 2022

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Pound Ridge Library District, New York
Management's Discussion and Analysis (MD&A)
December 31, 2021

Introduction

As management of the Pound Ridge Library District, we offer readers of the Library District's financial statements this narrative overview and analysis of the Library District's financial activities for the year ended December 31, 2021. This discussion should be read in conjunction with the basic financial statements to enhance understanding of the Library District's financial performance, which immediately follows this section.

Using this Annual Report

This annual report consists of a set of financial statements and notes. The Statement of Net Position and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library District's finances. Fund financials begin thereafter. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Library District's operations in more detail than the government-wide statements by providing information about the Library District's most significant fund.

Financial Highlights for Fiscal Year 2021

- On the government-wide financial statements, the assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$2,709,340. Of this amount, the unrestricted net position is \$1,703,975.
- As of the close of the current fiscal year, the Library's Governmental Funds reported an ending fund balance of \$2,312,534, which represents an increase of \$133,434 from fiscal year 2020. Of the \$2,312,534, the unassigned fund balance is \$1,705,494.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library District's basic financial statements which consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements.

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the Library District's finances, in a manner similar to a private-sector business.
- The *statement of net position* presents information on all of the Library District's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Library District is improving or deteriorating.

- The *statement of activities* presents information showing the changes in the Library District's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result only in cash flows in future fiscal periods (for example, earned, but unused vacation leave).
- The *governmental activities* of the Library District include culture and recreation.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library District can be identified as into one category: governmental funds.

Governmental Funds

- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Library District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The Library District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the respective budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for fair presentation and that is not otherwise displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements and should be read in conjunction with the financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Government-wide Financial Analysis

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The following table reflects the condensed Statement of Net Position at December 31:

	2021	2020
Current Assets	\$ 2,347,414	\$ 2,202,694
Capital Assets, Net	398,325	453,981
Total Assets	2,745,739	2,656,675
Current Liabilities	36,399	24,713
Net Position		
Investment in Capital Assets	398,325	453,981
Restricted	607,040	606,230
Unrestricted	1,703,975	1,571,751
Total Net Position	\$ 2,709,340	\$ 2,631,962

Changes in Net Position Year Ended December 31,

	2021	2020
REVENUES		
Real Property Taxes	\$ 773,920	\$ 774,297
Charges for Services	27,117	27,214
Operating Grants and Contributions	2,853	86,958
Unrestricted use of money and property	3,298	11,507
Miscellaneous	4,238	442
Total Revenues	811,426	900,418
EXPENDITURES		
Culture and recreation	734,048	617,694
Change in Net Position	77,378	282,724
NET POSITION		
Beginning	2,631,962	2,349,238
Ending	\$ 2,709,340	\$ 2,631,962

The major changes from 2020 to 2021 are as follows:

Revenues:

- Operating grants and contributions decreased by \$84,105 which is attributed to decreases in state grants.

Expenses:

- Culture and Recreation expenses increased by \$116,354. This increase was attributable to increases in Equipment and maintenance and various Contractual obligations.

Financial Analysis of the Government's Funds

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Library's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Library's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Library's governmental funds reported an ending fund balance of \$2,312,534. The General Fund reflects revenues in excess of expenditures in the amount of \$133,434. The majority of the increase was the result of budgetary savings in Personal Services due to vacancies. The Library's unassigned fund balance increased to \$1,705,494 from \$1,572,192 in 2020.

Capital Assets

At December 31, 2021, the Library District had \$398,325 net of accumulated depreciation, invested in a broad range of capital assets, including buildings and improvements, machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

Capital Assets (Net of Accumulated Depreciation)

	2021	2020
Buildings and Improvements	\$ 398,325	\$ 453,981

Tax Levy Limitation

As disclosed in Note 2 of the Notes to Financial Statements, the Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by the Library in a particular year. The Board of Trustees adopted a budget for the year 2021 that is within the tax levy limit for that year.

Requests for Information

This financial report is designed to provide a general overview of the Library District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Pound Ridge Library District
Attn: Ms. Jennifer Coulter
Library Director
271 Westchester Avenue
Pound Ridge, New York 10576

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Pound Ridge Library District, New York

Statement of Net Position

December 31, 2021

ASSETS

Cash and equivalents	\$ 1,492,005
Investments	848,809
Accounts receivable	6,600
Capital assets being depreciated, net	<u>398,325</u>
Total Assets	<u>2,745,739</u>

LIABILITIES

Accounts payable and accrued liabilities	30,480
Compensated absences	1,519
Security deposit	<u>4,400</u>
Total Liabilities	<u>36,399</u>

NET POSITION

Investment in capital assets	398,325
Restricted for trusts	
Nonexpendable	143,000
Expendable	464,040
Unrestricted	<u>1,703,975</u>
Total Net Position	<u>\$ 2,709,340</u>

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

Pound Ridge Library District, New York

Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Culture and recreation	\$ 734,048	\$ 27,117	\$ 2,853	\$ (704,078)
	General Revenues			
	Real property taxes			773,920
	Unrestricted use of money and property			3,298
	Miscellaneous			4,238
	Total General Revenues			781,456
	Change in Net Position			77,378
	NET POSITION			
	Beginning of Year			2,631,962
	End of Year			\$ 2,709,340

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

Pound Ridge Library District, New York

General Fund
Balance Sheet
December 31, 2021

ASSETS

Cash and equivalents	\$ 1,492,005
Investments	848,809
Accounts receivable	<u>6,600</u>
Total Assets	<u>\$ 2,347,414</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable and accrued liabilities	\$ 30,480
Security deposit	<u>4,400</u>
Total Liabilities	<u>34,880</u>
Fund Balance	
Nonspendable	143,000
Restricted	464,040
Unassigned	<u>1,705,494</u>
Total Fund Balance	<u>2,312,534</u>
Total Liabilities and Fund Balance	<u>\$ 2,347,414</u>

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

Pound Ridge Library District, New York

Reconciliation of the General Fund Balance Sheet to
the Statement of Net Position
December 31, 2021

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

Total Fund Balances - Governmental Funds	<u>\$ 2,312,534</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	787,646
Accumulated depreciation	<u>(389,321)</u>
	<u>398,325</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Compensated absences	<u>(1,519)</u>
Net Position of Governmental Activities	<u><u>\$ 2,709,340</u></u>

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

Pound Ridge Library District, New York

Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Year Ended December 31, 2021

	<u>General</u>
REVENUES	
Real property taxes	\$ 773,920
Departmental income	717
Use of money and property	30,831
State aid	1,720
Miscellaneous	<u>4,238</u>
 Total Revenues	 <u>811,426</u>
EXPENDITURES	
Current	
Culture and recreation	
Personal services	182,647
Equipment and maintenance	118,845
Contractual	312,272
Employee benefits	<u>64,228</u>
 Total Expenditures	 <u>677,992</u>
 Excess of Revenues Over Expenditures	 133,434
FUND BALANCE	
Beginning of Year	<u>2,179,100</u>
End of Year	<u>\$ 2,312,534</u>

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

Pound Ridge Library District, New York

Reconciliation of the General Fund Statement of Revenues,
Expenditures and Changes in Fund Balance
to the Statement of Activities
Year Ended December 31, 2021

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

Net Change in Fund Balance \$ 133,434

The fund financial statements report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	28,931
Depreciation expense	<u>(84,587)</u>
	<u>(55,656)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	<u>(400)</u>
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Change in Net Position of Governmental Activities \$ 77,378

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

Pound Ridge Library District, New York

General Fund

Statement of Revenues, Expenditures

and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 774,297	\$ 774,297	\$ 773,920	\$ (377)
Departmental income	730	730	717	(13)
Use of money and property	28,900	28,900	30,831	1,931
State aid	-	-	1,720	1,720
Miscellaneous	1,000	1,000	4,238	3,238
	<u>804,927</u>	<u>804,927</u>	<u>811,426</u>	<u>6,499</u>
EXPENDITURES				
Current				
Culture and recreation				
Personal services	330,000	250,000	182,647	67,353
Equipment and maintenance	77,920	137,920	118,845	19,075
Contractual	319,457	339,457	312,272	27,185
Employee benefits	77,550	77,550	64,228	13,322
	<u>804,927</u>	<u>804,927</u>	<u>677,992</u>	<u>126,935</u>
Total Expenditures				
Excess of Revenues Over Expenditures	-	-	133,434	133,434
FUND BALANCE				
Beginning of Year	-	-	2,179,100	2,179,100
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312,534</u>	<u>\$ 2,312,534</u>

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

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Pound Ridge Library District, New York

Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies

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

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

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

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

While separate government-wide and fund financial statements are presented, they are interrelated.

C. Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Fund Categories

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

accounting. However, expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

E. Assets, Liabilities and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

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

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Information about fair value and interest rate risk using the specific identification method is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Municipal Bonds	\$ 823,275	\$ 45,957	\$ 228,461	\$ 311,030	\$ 237,827
Money Market Mutual Fund and Deposits	25,534	25,534	-	-	-
	<u>\$ 848,809</u>	<u>\$ 71,491</u>	<u>\$ 228,461</u>	<u>\$ 311,030</u>	<u>\$ 237,827</u>

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2021.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. U.S. government obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Municipal bond investments in the amount of \$823,275 have a rating of A or better.

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

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

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

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

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

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

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

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

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

Compensated Absences - The District's personnel policy provides for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated time is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - represents the difference between assets less liabilities. Net position is comprised of three components: investment in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets, net of accumulated depreciation/amortization.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the District or through external

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the District includes restricted for Nonexpendable trusts and Expendable trusts.

Unrestricted net position is the net amount of the assets and liabilities that does not meet the definition of the two preceding categories.

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

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

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the District's Board of Trustees or the Executive Director to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund.

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Use of Estimates

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

G. Encumbrances

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 6, 2022.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) The proposed annual budget and supplemental propositions for the District as established by the Board of Trustees shall be placed before the voters in the general election.
- b) All budget propositions require approval by a majority of voters in the Town.
- c) Upon approval of such proposed operating budget and of the propositions, the proposed budget becomes the budget of the District.
- d) In the event that the proposed budget is not approved, the budget is deemed amended so that the portion of the budget providing for real property tax revenue to be received from the Town be changed to equal the real property tax revenue provided for in the District budget in effect as of the time of the vote, as amended by supplemental appropriations if approved.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

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

B. Property Tax Limitation

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for

Pound Ridge Library District, New York

Notes to Financial Statements (Continued)

December 31, 2021

Note 2 - Stewardship, Compliance and Accountability (Continued)

certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. A budget in excess of the Tax Levy Limitation Law requires approval by at least 60% of the voters of the Town.

Note 3 - Detailed Notes on All Funds

A. Capital Assets

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

<u>Class</u>	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance December 31, 2021</u>
Capital Assets, being depreciated - Buildings and Improvements	\$ 797,890	\$ 28,931	\$ 39,175	\$ 787,646
Less Accumulated Depreciation for - Building and Improvements	<u>343,909</u>	<u>84,587</u>	<u>39,175</u>	<u>389,321</u>
Total Capital Assets, being depreciated, net	<u>\$ 453,981</u>	<u>\$ (55,656)</u>	<u>\$ -</u>	<u>\$ 398,325</u>

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

B. Pension Plan

The District contributes to the Pound Ridge Library District 403(B) DC Plan (the "Plan") a defined contribution pension plan administered by the District. Participation begins after one year of service. The District has no requirement or obligation under State Statutes to contribute to this Plan; however the District contributes five percent of each employee's salary until the employee reaches 25 years of service when the contribution amount increases to fifteen percent. All amounts contributed are vested immediately. Also, employees may make voluntary contributions to the Plan. Pension expense incurred for the current and two preceding years were as follows:

2021	\$ 6,927
2020	5,789
2019	6,271

C. Long-Term Liabilities

The changes in the District's long-term liabilities during the year ended December 31, 2021 are summarized as follows:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Balance December 31, 2021</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 1,119</u>	<u>\$ 400</u>	<u>\$ 1,519</u>	<u>\$ 1,519</u>

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

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

D. Other Postemployment Benefits

The district does not provide postemployment benefits for its employees.

E. Net Position

The components of net position are detailed below:

Investment in Capital Assets - the component of net position that reports the difference between capital assets less the accumulated depreciation.

Restricted for Trusts:

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

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

F. Fund Balances

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

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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

B. Risk Management

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

C. Contingencies

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

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the District believes will most impact its financial statements. The District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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Pound Ridge Library District, New York

General Fund
Comparative Balance Sheet
Year Ended December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 1,492,005	\$ 1,340,542
Investments	848,809	852,674
Accounts receivable	6,600	8,800
Prepaid expenditures	<u>-</u>	<u>678</u>
 Total Assets	 <u>\$ 2,347,414</u>	 <u>\$ 2,202,694</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	\$ 30,480	\$ 19,194
Security deposit	<u>4,400</u>	<u>4,400</u>
 Total Liabilities	 <u>34,880</u>	 <u>23,594</u>
 Fund Balance		
Nonspendable	143,000	143,678
Restricted	464,040	463,230
Unassigned	<u>1,705,494</u>	<u>1,572,192</u>
 Total Fund Balance	 <u>2,312,534</u>	 <u>2,179,100</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,347,414</u>	 <u>\$ 2,202,694</u>

See independent auditors' report.

Pound Ridge Library District, New York

General Fund

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

	2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 774,297	\$ 774,297	\$ 773,920	\$ (377)
Departmental income	730	730	717	(13)
Use of money and property	28,900	28,900	30,831	1,931
State aid	-	-	1,720	1,720
Miscellaneous	1,000	1,000	4,238	3,238
Total Revenues	804,927	804,927	811,426	6,499
EXPENDITURES				
Current				
Culture and recreation				
Personal services	330,000	250,000	182,647	67,353
Equipment and maintenance	77,920	137,920	118,845	19,075
Contractual	319,457	339,457	312,272	27,185
Employee benefits	77,550	77,550	64,228	13,322
Total Expenditures	804,927	804,927	677,992	126,935
Excess of Revenues Over Expenditures	-	-	133,434	133,434
FUND BALANCE				
Beginning of Year	-	-	2,179,100	2,179,100
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312,534</u>	<u>\$ 2,312,534</u>

See independent auditors' report.

2020

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 774,297	\$ 774,297	\$ 774,297	\$ -
1,830	1,830	815	(1,015)
25,700	25,700	100,596	74,896
1,300	1,300	24,268	22,968
1,800	1,800	442	(1,358)
804,927	804,927	900,418	95,491
330,000	330,000	189,199	140,801
77,920	77,920	101,334	(23,414)
319,457	319,457	259,578	59,879
77,550	77,550	45,724	31,826
804,927	804,927	595,835	209,092
-	-	304,583	304,583
-	-	1,874,517	1,874,517
\$ -	\$ -	\$ 2,179,100	\$ 2,179,100