

HANDLEY REGIONAL LIBRARY BOARD
MANAGEMENT DISCUSSION AND ANALYSIS, continued

5. GENERAL FUND, ACTUAL vs. BUDGETED INCOME AND EXPENDITURES, 2014-2015

Due to variance in funding increases and timing of those funding increases there was a budget revision this year. Therefore, differences between what was planned for income and spending and what actually happened in income and expenditures are easy to see, pages 41 to 44.

	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>% Variance</i>
Selected Revenue Items				
State Revenue	\$ 357,518	\$ 347,037	\$ (10,481)	-2.9%
Endowment income				
Handley Trustees -				
Sullivan Fund	3,000	-	(3,000)	-100.0%
Donations - general	10,000	17,396	7,396	74.0%
Donations - restricted	10,000	31,079	21,079	210.8%
Fundraising income - net	9,950	7,117	(2,833)	-28.5%
Investment income	10,000	13,951	3,951	39.5%
Total Revenue	1,951,558	1,966,758	15,200	0.8%
Selected Expenditures				
Personnel	\$ 1,444,763	\$ 1,446,003	\$ (1,240)	-0.1%
Books & related				
material	300,989	293,841	7,148	2.4%
Maintenance	65,260	62,768	2,492	3.8%
Utilities	111,500	126,088	(14,588)	-13.1%
Telecommunications	19,740	21,904	(2,164)	-11.0%
Repairs & maintenance	43,000	41,771	1,229	2.9%
Capital expenditures				
Vehicle	12,000	10,032	1,968	16.4%
Library furniture and fixture	5,225	6,727	(1,502)	-28.7%
Library equipment	3,500	9,265	(5,765)	-164.7%
Computer hardwr/softwr	32,778	34,828	(2,050)	-6.3%
Total Expenditures	2,187,328	2,218,842	(31,514)	-1.4%

A. Revenues

Due to State Budgetary issues our State aid was reduced mid year per the above amount. We solicited for donations to make up the shortfall and received both restricted and unrestricted donations to make up the funding loss. Fundraising was down overall, but this shortfall was made up in investment income. The Sullivan Funds were not received in FY 2014-2015.

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MANAGEMENT DISCUSSION AND ANALYSIS, continued

5. GENERAL FUND, ACTUAL vs. BUDGETED INCOME AND EXPENDITURES, 2014-2015, continued

B. Expenditures

Once again, in the categories of Utilities and Maintenance, expenses were greater than budgeted due to the harsh winter. We also had substantial rate increases from our utilities. Personnel expenditures represent a great amount of our budget and came in nearly exactly on target due to the excellent stewardship by Handley Regional Library budgetary staff. Books and Related materials were underspent due to material availability from vendors as well as the expenditure of those funds on library equipment/furniture and fixtures which is reflected on page 6. This change in expenditure was due to the desperately needed upgrading of equipment and furniture to make the library a more welcoming and efficient place. This included installing book drops, redesigning the periodical room, and more display equipment.

6. SIGNIFICANT CAPITAL ASSETS AND DEBTS

The library's most significant capital asset is its book collection, Note 4, page 25. As of June 30, 2015, net of depreciation, there is \$1,376,804 in book assets and another \$1,386,506 in non-depreciating assets. The Auditor of Public Accounts for Virginia established the depreciation period for books. The depreciation period for books and other library materials such as tapes and DVD's is 10 years. Fine art and the rare books and manuscripts that are in Archives mainly make up non-depreciating assets. The depreciated worth of all other asset categories at June 30, 2015 totaled \$323,734.

Handley Regional Library may not borrow money to finance operations or capital needs the way many government units can. It therefore has no debts except for accumulated employee leave. Library staff members who leave the library's employ in good standing receive some payment for leave accrued. The library could owe as much as \$126,713 in accrued compensated absences. (See note 5, page 26.)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As previously shown, a majority of Handley Regional Library's revenue comes from state and local governments. An economic downturn or other negative activity with the state or local governments could severely decrease revenue for the library system. Although we received a modest increase in funding, we are still looking to recover from the drastic budget cuts of 2009-2010 and 2010-2011. Libraries will continue to be closed for the many hours that were cut. Staff members, who did receive a modest increase of 3% this year, will continue to fall behind other comparable area salaries. State aid continues to be down from years ago, at the time of this writing the state aid while still down remains stable from the prior year.

Population growth in Winchester, Frederick County and Clarke County leads to increased demand for library services. In 2014-2015, there was a increase in circulation of 9 % and an increase in new library cards of 3% over the previous year. The library works hard to provide the highest quality customer service, but the low level of locality funding means that it is difficult to fulfill our customers needs and to keep up with advances in technology.

HANDLEY REGIONAL LIBRARY BOARD
MANAGEMENT DISCUSSION AND ANALYSIS, continued

8. CONTACT INFORMATION

This report has been prepared by Handley Regional Library Director, John Huddy in consultation with Judy Lloyd, Chairman, Handley Regional Library Board, and Ann White, the Business and Operations Manager for the Handley Branch. For further information contact the Director:

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HANDLEY REGIONAL LIBRARY BOARD
GOVERNMENT WIDE - STATEMENT OF NET POSITION

June 30, 2015

	Primary Government Governmental Activities	Endowment Fund	Component Units Friends of Handley Regional Library (Unaudited)
ASSETS			
Cash	\$ 95,022	\$ 30,245	\$ 74,847
Accounts receivable	27,537	770,158	-
Investments	1,374,606	2,066,680	260,426
Beneficial interest in assets held by Community Foundation	4,487	-	-
Inventory of fundraising materials	11,919	-	1,581
Prepaid expenses	41,649	-	-
Deposits on book purchases	48,451	-	-
Net pension asset	39,791	-	-
Capital assets, net of accumulated depreciation	1,700,538	-	30,602
Capital assets, not being depreciated	1,386,506	-	-
	<u>\$ 4,730,506</u>	<u>\$ 2,867,083</u>	<u>\$ 367,456</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	\$ 71,405	\$ -	\$ -
	<u>\$ 71,405</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 97,853	\$ -	\$ -
Long-term liabilities:			
Due within one year	5,000	-	-
Due in more than one year	121,713	-	-
	<u>\$ 224,566</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 224,566</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	\$ 129,217	\$ -	\$ -
	<u>\$ 129,217</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Invested in capital assets	\$ 3,087,043	\$ -	\$ 30,602
Restricted for:			
Purchase of books	-	516,872	-
Investment	1,258,976	1,326,334	-
Other purposes	48,876	-	-
Unrestricted	53,233	1,023,877	336,854
	<u>\$ 4,448,128</u>	<u>\$ 2,867,083</u>	<u>\$ 367,456</u>
Total net position	<u>\$ 4,448,128</u>	<u>\$ 2,867,083</u>	<u>\$ 367,456</u>

The accompanying notes are an integral
part of the financial statements.

HANDLEY REGIONAL LIBRARY BOARD
GOVERNMENT WIDE - STATEMENT OF ACTIVITIES
for the year ended June 30, 2015

	<u>Component Units</u>		
	Primary Government Governmental Activities	Endowment Fund	Friends of Handley Regional Library (Unaudited)
Expenses:			
Personnel costs	\$ 1,420,942	\$ -	\$ -
Books and materials	19,199	-	-
Maintenance	62,216	-	-
Copier expense	22,233	-	-
Utilities	126,088	-	-
Telecommunications	21,904	-	709
Staff development	16,218	-	-
Other operating expenditures	162,391	-	12,474
Materials and supplies	11,681	-	-
General expenditures	8,813	10,345	13,527
Depreciation	394,971	-	904
	<u>\$ 2,266,656</u>	<u>\$ 10,345</u>	<u>\$ 27,614</u>
Total expenses			
Revenues:			
Local government revenues	\$ 1,437,999	\$ -	\$ -
State revenues	347,037	-	-
Nonboard income	15,325	-	-
Public support	50,861	1,328,820	10,216
Copier revenue	15,797	-	-
Fines and fees	77,896	-	-
Investment income	34,645	21,031	27,719
Other revenues	7,892	-	56,632
	<u>\$ 1,987,452</u>	<u>\$ 1,349,851</u>	<u>\$ 94,567</u>
Total revenues			
Net (expense) revenue	<u>\$ (279,204)</u>	<u>\$ 1,339,506</u>	<u>\$ 66,953</u>
Other financing sources/uses:			
Transfers - internal activities	<u>\$ 163,413</u>	<u>\$ (71,911)</u>	<u>\$ (96,724)</u>
Change in net position	<u>\$ (115,791)</u>	<u>\$ 1,267,595</u>	<u>\$ (29,771)</u>
Net position:			
Beginning of the year, previously reported	\$ 4,629,754	\$ 1,599,488	\$ 397,227
Restatement	(65,835)	-	-
Beginning of the year, restated	<u>\$ 4,563,919</u>	<u>\$ 1,599,488</u>	<u>\$ 397,227</u>
End of the year	<u>\$ 4,448,128</u>	<u>\$ 2,867,083</u>	<u>\$ 367,456</u>

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part of the financial statements.