

CW&S Cuomo, Winters & Schmidt, CPAs, PLLC

Certified Public Accountants

**DEWITT COMMUNITY
LIBRARY ASSOCIATION, INC.**

**REPORT ON
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

Years Ended December 31, 2015 and 2014

Dewitt Community Library Association, Inc.

Table of Contents

Independent Auditors' Report	1-2
Statements of Financial Position, As of December 31, 2015 and 2014	3
Statements of Activities and Changes in Net Assets, Years Ended December 31, 2015 and 2014	4
Statements of Cash Flows, Years Ended December 31, 2015 and 2014	5
Notes to Financial Statements	6-10
Schedules of Functional Expenses, Years Ended December 31, 2015 and 2014	11

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dewitt Community Library Association, Inc.
Dewitt, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Dewitt Community Library Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dewitt Community Library Association, Inc. as of December 31, 2015 and 2014, and the results

of its activities and changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The schedules of functional expenses on page 11 are presented for the purpose 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cuomo, Winters & Schmidt

Syracuse, New York

February 12, 2016

DeWitt Community Library Association, Inc.
Statements of Financial Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 86,296	\$ 64,163
Short-term certificates of deposit	662,000	672,000
Grants and reimbursements receivable	3,886	-
Prepaid expenses	8,776	9,724
Total current assets	<u>760,958</u>	<u>745,887</u>
Investments:		
Money market account	2,291,607	186,260
Certificates of deposit	351,000	2,412,000
Total investments	<u>2,642,607</u>	<u>2,598,260</u>
Property and Equipment, net:		
Furniture and equipment (less accumulated depreciation of \$199,535-2015, \$173,790-2014)	58,309	74,073
Leasehold improvements (less accumulated depreciation of \$69,734-2015, \$63,857-2014)	1,027	6,386
Total property and equipment	<u>59,336</u>	<u>80,459</u>
Other assets:		
Pre-acquisition development costs	373,568	16,379
Total other assets	<u>373,568</u>	<u>16,379</u>
Total assets	<u>\$ 3,836,469</u>	<u>\$ 3,440,985</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expense	\$ 34,535	\$ 10,307
Accrued payroll	8,318	4,550
Accrued benefits payable	11,528	16,735
Total current liabilities	<u>54,381</u>	<u>31,592</u>
Net Assets:		
Unrestricted net assets:		
Board designated for building expenditures	2,591,172	2,558,260
Undesignated	1,139,481	811,133
Total unrestricted net assets	<u>3,730,653</u>	<u>3,369,393</u>
Temporarily restricted net assets:		
Temporarily restricted net assets for building expansion	51,435	40,000
Total temporarily restricted net assets	<u>51,435</u>	<u>40,000</u>
Total net assets	<u>3,782,088</u>	<u>3,409,393</u>
Total liabilities and net assets	<u>\$ 3,836,469</u>	<u>\$ 3,440,985</u>

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

DeWitt Community Library Association, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>			<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:						
Public grant J-D Proposition	\$ 1,363,146	-	\$ 1,363,146	\$ 1,310,717	-	\$ 1,310,717
Other gifts and grants	9,940	39,821	49,761	20,047	5,435	25,482
Interest income	7,167	-	7,167	6,525	-	6,525
Other income	32,509	-	32,509	34,974	-	34,974
Net assets released from restrictions	28,386	(28,386)	-	5,435	(5,435)	-
Total revenues and support	<u>1,441,148</u>	<u>11,435</u>	<u>1,452,583</u>	<u>1,377,698</u>	<u>-</u>	<u>1,377,698</u>
Expenses:						
Program expense	923,309	-	923,309	886,139	-	886,139
Management and administrative	149,801	-	149,801	151,649	-	151,649
Fund raising	6,778	-	6,778	10,486	-	10,486
Total expenses	<u>1,079,888</u>	<u>-</u>	<u>1,079,888</u>	<u>1,048,274</u>	<u>-</u>	<u>1,048,274</u>
Increase (decrease) in net assets	361,260	11,435	372,695	329,424	-	329,424
Net assets - beginning of year	<u>3,369,393</u>	<u>40,000</u>	<u>3,409,393</u>	3,039,969	40,000	3,079,969
Net assets - end of year	<u>\$ 3,730,653</u>	<u>\$ 51,435</u>	<u>\$ 3,782,088</u>	<u>\$ 3,369,393</u>	<u>\$ 40,000</u>	<u>\$ 3,409,393</u>

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

DeWitt Community Library Association, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flow from operating activities:		
Change in total in net assets	\$ 372,695	\$ 329,424
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	31,622	36,066
(Increase) decrease in operating assets		
Short-term certificates of deposit	10,000	(183,000)
Grants receivable	(3,886)	-
Prepaid expenses	948	(1,399)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expense	24,228	3,861
Accrued payroll	3,768	678
Accrued benefits payable	(5,207)	(1,863)
Net cash provided by operating activities	<u>434,168</u>	<u>183,767</u>
Cash flows from investing activities:		
Acquisition of furniture, equipment and improvements	(10,499)	(7,711)
Pre-acquisition development costs	(357,189)	(16,379)
(Increase) decrease in board designated money market account	(2,105,347)	658,714
Decrease (increase) in board designated certificates of deposit	<u>2,061,000</u>	<u>(958,000)</u>
Net cash used in investing activities	<u>(412,035)</u>	<u>(323,376)</u>
Net increase (decrease) in cash and cash equivalents	22,133	(139,609)
Cash and cash equivalents, beginning of year	<u>64,163</u>	<u>203,772</u>
Cash and cash equivalents, end of year	<u>\$ 86,296</u>	<u>\$ 64,163</u>

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

Dewitt Community Library Association, Inc.

Notes to Financial Statements

Note 1 – Nature of Operations

Dewitt Community Library Association, Inc. is a nonprofit organization and a member library of the Onondaga County Public Library System whose purpose is to provide quality library service to the community of Dewitt, Jamesville and the surrounding Central New York area.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Library have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Fund Accounting

The accounts of the Library are maintained in accordance with the principles of fund accounting. Under fund accounting resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for a fund; however, in the accompanying financial statements, funds with similar characteristics have been combined into fund groups.

Financial Statement Presentation

Financial statement presentation follows the recommendation of ASC Topic 958, Not-for-Profit Entities. Under ASC Topic 958, the Library is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Library is required to present a statement of cash flows.

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, the Library uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Library Books

Library books, periodicals, and other library materials are charged to operations in the year in which they are acquired.

Dewitt Community Library Association, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Furniture and Equipment

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives (3 to 15 years) of the assets. Depreciation expense of \$31,622 and \$36,066 has been recorded for 2015 and 2014, respectively.

Investments

The Board of Trustees has continued to set aside certain funds for potential major capital acquisitions. Such funds are called Board Designated Funds and although not legally restricted, are internally intended for designated purposes. The Board through its budget process has allocated Library Proposition receipts to be set aside for building related expenses. The Board also approved use of certain of these funds for building related expenditures and special needs. The Board periodically votes to release earnings from these funds for operations but otherwise the earnings remain with the designated funds. The activity of the Board Designated Fund for the years ended December 31, follows:

	<u>2015</u>	<u>2014</u>
January 1,	\$ 2,558,260	\$ 2,258,974
Budgeted allocation	361,761	331,986
Board approved expenditures	(330,825)	(16,829)
Net earnings retained (distributed)	<u>1,976</u>	<u>(15,871)</u>
Subtotal board designated	2,591,172	2,558,260
Restricted activity	<u>51,435</u>	<u>40,000</u>
Total investments	<u>\$ 2,642,607</u>	<u>\$ 2,598,260</u>

Restricted Activity

A restricted bequest of \$40,000 was received in 2009 to be used toward “the expansion of library facilities”. In 2015, an additional \$11,435 was contributed for the expansion of the Library. These contributions are included in Temporarily Restricted Net Assets. At December 31, 2015 or 2014, there are no receipts still temporarily restricted for program activities.

Concentration of Revenue

The Association's principal source of funding is through the Jamesville-Dewitt School District Library Proposition. It is recorded as revenue in the year received.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Dewitt Community Library Association, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Donated Services

The Library receives donated services from unpaid volunteers who assist with Library routine functions. No amounts have been recognized in the statement of activities since the criteria for recognition under FASB ASC 958-605 have not been satisfied. However, volunteers provided approximately 1,400 and 1,400 hours of service in 2015 and 2014, respectively, and the Library would have had to pay clerks approximately \$12,000 and \$11,000 in 2015 and 2014, respectively, if volunteers were not available.

Note 3 – Cash and Investments Held

As described in Note 1 (Cash and Equivalents), current cash funds in excess of immediate needs are invested in savings accounts and short term (three month or less) certificates of deposit that bear interest at low (under 1%) rates of interest.

As described in Note 1 (Investments), the Board has designated assets to be set aside for future building expansion needs. At December 31, 2015 several investments in 6 and 9 month certificates were held with maturities ranging from February to May, 2016.

The market value of certificates approximates cost. The Library intends to hold all certificates to maturity and the certificates are recorded at cost.

Note 4 – Income Tax Status

Dewitt Community Library Association, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The Library is obligated to pay income tax on its unrelated business income (as defined), if any. The Library had no unrelated business income for the years ended December 31, 2015 or 2014. As a not-for-profit organization, the Library is required to file federal tax returns annually. These returns may be selected for examination by the Internal Revenue Service, subject to a statute of limitations, to determine whether or not the Library has properly maintained its tax-exempt status. The Library's tax returns for the years 2012 and beyond remain subject to examination by the Internal Revenue Service.

Note 5 – Retirement Plan

The Library has a retirement plan covering eligible employees with over 1,000 hours of service whereby the Library contributes 5% of eligible wages. Contributions for 2015 and 2014 amounted to approximately \$23,000 and \$23,000, respectively. The Library has adopted a TIAA-CREF prototype plan that additionally permits employee contributions through payroll reduction.

Note 6 – Vacation Accrual

Employees of the Association are entitled to paid vacation depending on length of service and other factors. On termination, any accrued vacation is payable to the terminating employee. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave balance at termination of employment.

Dewitt Community Library Association, Inc.

Notes to Financial Statements

Note 7 – Leases

The Library occupies a facility under a lease agreement, as modified in September 2014, which extended the lease to July 2016. The lease has been modified several times since 1975, and currently calls for the landlord to charge for rent plus utilities. Rent was \$61,270 for 2012 - 2015, and \$35,735 for 2016 through July. After July 2016, the Library intends to renegotiate for a month to month rent.

To the extent that the lease expires July 2016, the Library Board continues to evaluate options for a long term permanent location for the Library facility.

Note 8 – Commitments and Contingencies

In December 2013, the Library made a refundable escrow deposit of \$10,000 related to a purchase offer on property that is a potential building site for the Library. The offer was contingent on the results of various reports and studies and in 2014 was amended to extend the offer through June 11, 2015. The purchase was not made by June 11 and the offer was again extended to March 1, 2016, and the deposit is now nonrefundable, but can serve to reduce the cost of the property. At the statement date, the Library is seeking a further extension. The Board's executive committee has been proceeding with each phase of the evaluation process, requiring full Board approval for each additional expenditure. The Library has recorded such expenditures, including fees for architectural services, as pre-acquisition development costs in the statement of financial position, until this building site is acquired or abandoned.

In December 2014, the Library contracted with an architectural firm to develop a building plan for the site at a cost not to exceed \$411,000. To date, the Library has incurred approximately \$288,000 under this contract. The Library had, at the statement date, completed or resolved most issues and was to present their plan to the Town Board. The building plan developed by the architects and presented to the public in a Library display and as published in the newspaper, calls for the construction of a facility costing approximately \$8.3 million. The Library Board and the architectural and construction advisor team are working to keep the costs of the project contained as they move forward with a plan to build on this site.

In December 2015, the Library obtained and executed a commitment letter with a bank for the procurement of funds to finance the construction and provide permanent mortgage financing after completion. The commitment provides for the use of Library funds of approximately \$3,085,000 before advances begin, up to \$5.3 million of construction advances (not to exceed 80% of the total cost of construction), permanent financing upon completion, structured as one primary \$4.3 million 10-year mortgage with a 25-year amortization, and one "excess" mortgage of \$1 million (to be reduced based on grants received by the Library). The interest rate option, either based on Prime or Treasuries, is to be determined at closing (no less than 3.5%).

Dewitt Community Library Association, Inc.

Notes to Financial Statements

Note 8 – Commitments and Contingencies (continued)

The Library obtains the majority of its funding from a tax levy approved by the voters of the Jamesville-Dewitt Central School District and collected by the School District. In April, 2012, an action was brought by a petitioner in the District to halt the Library from seeking and collecting funds through the voting and School District tax collection process. In May, 2012, the New York Commissioner of Education denied petitioner's request as it related to the 2012 budget vote. Legal counsel was hired and has advised the Library that, based on the prior decisions of the New York Commissioner of Education, the Library's defenses were meritorious. In June 2015, the New York Commissioner of Education dismissed the petitioner's action. In October 2015, the petitioner brought an action to the New York State Supreme Court to appeal the Education Department's decision. To date, the Library has incurred legal fees of approximately \$28,000. The Library intends to fully pursue a defense of their position, and subsequent to year end, with financial assistance pledged up to \$25,000 by the New York Library Association, the Library entered into a contract for further legal representation.

The Library has a bank line of credit for \$50,000 bearing interest at prime + 1.0% (4.50% at December 31, 2015). The balance on the line of credit was \$0 at December 31, 2015 and 2014.

Note 9 – Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2015 the Library had a balance in a money market account with one financial institution of approximately \$2,073,000. The Library's Treasurer monitors deposits that may at times exceed amounts covered by FDIC or SIPC and directs the brokerage to purchase products with other financial institutions to minimize credit risk. At December 31, 2015, the composition of the deposits held at the brokerage in certificates of deposit was spread among FDIC protected financial institutions, and only the balance in the money market is exposed above the FDIC limit of \$250,000. Management believes there is no significant risk with respect to such deposits.

Note 10 – Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications do not affect the changes in net assets for the years ended December 31, 2015 and 2014.

Note 11 – Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through February 12, 2016, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of February 12, 2016, have been incorporated into these financial statements herein.

DeWitt Community Library Association, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2015 and Comparative Totals for 2014

<u>SUPPORT SERVICES</u>					
				<u>2015</u>	<u>2014</u>
	<u>Program</u>	<u>Management &</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>Administrative</u>	<u>Raising</u>		
Payroll					
Librarians	\$ 213,237	\$ 80,459	\$ 3,690	\$ 297,386	\$ 285,398
Support Staff	236,808	19,568	1,957	258,333	251,280
Payroll Service	-	1,872	-	1,872	1,769
FICA	32,101	7,115	403	39,619	38,991
Health Insurance	15,046	4,727	248	20,021	21,165
Retirement	18,013	5,025	283	23,321	22,965
Insurance	11,069	2,468	139	13,676	12,609
Telephone	3,410	760	43	4,213	3,928
Utilities	34,174	697	-	34,871	34,871
Rent Paid	60,046	1,224	-	61,270	61,270
Custodial	34,536	705	-	35,241	30,832
Postage	1,191	265	15	1,471	2,411
Supplies	4,466	9,237	-	13,703	15,140
Collection Expense	-	680	-	680	761
Books	76,056	-	-	76,056	74,643
Electronic Resources	20,431	-	-	20,431	20,212
Periodicals	7,184	-	-	7,184	7,205
Audios & CDs	13,107	-	-	13,107	14,711
Videos & DVDs	26,465	-	-	26,465	33,688
Computer Library System	26,947	-	-	26,947	26,419
Projects	10,637	-	-	10,637	10,955
Conference	3,218	70	-	3,288	3,851
Miscellaneous	3,827	225	-	4,052	2,989
Public Relations	4,065	-	-	4,065	2,814
Repairs & Maintenance	15,621	1,151	-	16,772	13,808
Computer & Support	4,228	1,932	-	6,160	4,808
Bank Charges	-	485	-	485	890
Depreciation	30,990	632	-	31,622	36,066
Audit Fee	-	10,000	-	10,000	10,000
Consulting Fees	-	504	-	504	1,375
Legal Fees	-	-	-	-	450
Grant Expenses	16,436	-	-	16,436	-
Total	\$ 923,309	\$ 149,801	\$ 6,778	\$ 1,079,888	1,048,274

The accompanying footnotes are an integral part of the audited financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

In December 2014, the Library contracted with an architectural firm to develop a building plan for the site at a cost not to exceed \$411,000. To date, the Library has incurred approximately \$288,000 under this contract. The Library had, at the statement date, completed or resolved most issues and was to present their plan to the Town Board. The building plan developed by the architects and presented to the public in a Library display and as published in the newspaper, calls for the construction of a facility costing approximately \$8.3 million. The Library Board and the architectural and construction advisor team are working to keep the costs of the project contained as they move forward with a plan to build on this site.

In December 2015, the Library obtained and executed a commitment letter with a bank for the procurement of funds to finance the construction and provide permanent mortgage financing after completion. The commitment provides for the use of Library funds of approximately \$3,085,000 before advances begin, up to \$5.3 million of construction advances (not to exceed 80% of the total cost of construction), permanent financing upon completion, structured as one primary \$4.3 million 10-year mortgage with a 25-year amortization, and one “excess” mortgage of \$1 million (to be reduced based on grants received by the Library). The interest rate option, either based on Prime or Treasuries, is to be determined at closing (no less than 3.5%).

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 12, 2016.

February 12, 2016

**To the Board of Directors
DeWitt Community Library**

We have audited the financial statements of DeWitt Community Library for the year ended December 31, 2015, and have issued our report thereon dated February 12, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 30, 2015 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in by email about planning matters on November 30, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by DeWitt Community Library are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Library books, periodicals, and other library materials are charged to operations in the year in which they are acquired.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 12, 2016.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of DeWitt Community Library and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads 'Cuomo, Winters & Schmidt'.

Cuomo, Winters & Schmidt CPAs PLLC
Syracuse, New York

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

In December 2014, the Library contracted with an architectural firm to develop a building plan for the site at a cost not to exceed \$411,000. To date, the Library has incurred approximately \$288,000 under this contract. The Library had, at the statement date, completed or resolved most issues and was to present their plan to the Town Board. The building plan developed by the architects and presented to the public in a Library display and as published in the newspaper, calls for the construction of a facility costing approximately \$8.3 million. The Library Board and the architectural and construction advisor team are working to keep the costs of the project contained as they move forward with a plan to build on this site.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 12, 2016.

February 12, 2016

**To the Board of Directors
DeWitt Community Library**

We have audited the financial statements of DeWitt Community Library for the year ended December 31, 2015, and have issued our report thereon dated February 12, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 30, 2015 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in by email about planning matters on November 30, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by DeWitt Community Library are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Library books, periodicals, and other library materials are charged to operations in the year in which they are acquired.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

In December, 2014, the Library contracted with an architectural firm to develop a building plan for the site at a cost not to exceed \$411,355. To date, the Library has incurred \$287,935 under this contract. The Library had, at the statement date, completed or resolved most issues and was to present their plan to the Town Board before making the purchase offer. The building plan developed by the architects and presented to the public in a Library display and as published in the newspaper, calls for the construction of a facility costing approximately \$8.3 million, with revised estimates ranging to \$9.2 million. The Library Board and the architectural and construction advisor team are working to keep the costs of the project contained as they move forward with a plan to build on this site.

In December, 2015, the Library obtained and executed a commitment letter with a bank for the procurement of funds to finance the construction and provide permanent mortgage financing after completion. The commitment provides for the use of all Library funds of \$3,085,000 before advances begin, up to \$5.3 million of construction advances (not to exceed 80% of the total cost of construction), permanent financing upon completion, structured as one primary \$4.3 million 10-year mortgage with a 25-year amortization, and one “excess” mortgage of \$1 million (to be reduced based on grants received by the Library). The interest rate option, either based on Prime or Treasury, is to be decided at closing (no less than 3.5%).

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 12, 2016.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of DeWitt Community Library and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Cuomo, Winters & Schmidt". The signature is written in a cursive style.

Cuomo, Winters & Schmidt CPAs PLLC
Syracuse, New York