

**WESTHAMPTON FREE LIBRARY  
FINANCIAL STATEMENTS  
JUNE 30, 2007**

**WESTHAMPTON FREE LIBRARY**  
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**June 30, 2007**

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# GIAQUINTO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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JOSEPH C. GIAQUINTO, C.P.A.  
MARGARET A. GIAQUINTO, C.P.A.

POST OFFICE BOX 2014  
REMSENBURG, NY 11960  
(631) 325-7762  
FAX (631) 325-7784

## INDEPENDENT AUDITORS' REPORT

### To the Board of Trustees Westhampton Free Library

We have audited the accompanying general purpose financial statements of the **Westhampton Free Library** as of the year ended June 30, 2007, as listed in the table of contents. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **Westhampton Free Library**, as of June 30, 2007, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The required supplemental information, as listed in the table of contents, is not a part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Westhampton Free Library's management. It has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with Governmental Auditing Standards, we have also issued a report dated October 12, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of the **Westhampton Free Library**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general financial statements taken as a whole.

Sincerely,

*Giaquinto and Company C.P.A.s.*

Giaquinto and Company  
Certified Public Accountants

October 12, 2007

**WESTHAMPTON FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007**

Management's discussion and analysis is a required element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the Library based on currently known facts, decisions or conditions.

**ABOUT OUR LIBRARY**

The Westhampton Free Library was chartered to serve the communities of Westhampton and Westhampton Beach on March 1, 1897. We currently serve all the residents of the Westhampton Beach School District, and offer library service by contract for residents of unserved areas (areas without their own public library). These areas include East Quogue, Remsenburg-Speonk, Eastport, East Moriches and South Manor.

On June 30th, 2007 we had over 11,000 patrons registered with library cards, while our door counters logged over 179,000 visits to our building during the prior 12 months. In addition over 10,800 residents attended programs at our library last year. We circulated over 175,000 items to our patrons, and have a collection of nearly 58,000 items. We provide traditional library services, as well as offering programs to both children and adults. Our computer classes and high speed Internet access attract many patrons to our building.

Our major source of revenue is generated through a library district property tax levy on residences in the Westhampton School District. In addition, we receive the property tax monies from residents in our contract areas who register for library service with our institution. These districts contract with Suffolk County Library System for library service, who in turn collects and forwards the contact funds to our library.

The library is governed by a Board of Trustees. This board is comprised of five community members who work on a strictly voluntary basis for the library. This board is currently working on a plan for expanding our physical facility.

There is also a Friends of the Westhampton Free Library board. The Friends are a separate 503c non-profit corporation. The Friends group raises money through annual membership drives and their annual book fair to support library programs and special purchases.

**Contact Person**  
**Matthew Bollerman, Director**  
**(631) 288-3335**

**OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Library's financial position and results of operation from differing perspectives which are described as follows:

**WESTHAMPTON FREE LIBRARY  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2007**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information about the Library as a whole using accounting methods prescribed by the State of New York. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Library's assets (including buildings, equipment and books and certain materials) and all the Library's liabilities.

The government-wide financial statements are described as follows:

Expenses incurred in connection with providing basic library services such as loaning of books, video tapes, audio tapes, computer research, learning programs, magazines and other educational services. These activities are financed by taxes, services to other districts, grants, interest, contributions, fines and other library fees.

**FUND FINANCIAL STATEMENTS**

Fund financial statements provide detailed information regarding the Library's most significant activities and are not intended to provide information for the Library as a whole. Funds are accounting devices that are used to account for specific sources of funds.

As the following presentations demonstrates, the largest portion of the Library's net assets are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment and library materials less any debt used to acquire the assets that remain outstanding. The Library uses these capital assets to provide services to its patrons; consequently, these amounts are not available for future spending.

The unrestricted net assets is made up of cash accounts available for library expenditures. The restricted assets are made up of the capital fund, building fund, and the technology fund. The income and expenditures made from these funds are at the discretion of the board of trustees.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT DIFFERENCES:**

There are no differences between the Government-Wide and the Fund Financial Statements.

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash	\$ 747,695
Stock	\$ 9,566
Capital Assets, Net	<u>1,374,209</u>
<b>TOTAL ASSETS</b>	<u><u>2,131,470</u></u>
<b>LIABILITIES</b>	
Accounts Payable	-
<b>TOTAL LIABILITIES</b>	-
<b>NET ASSETS</b>	
Invested In Capital Assets	1,374,209
Unrestricted	113,813
Restricted	<u>643,448</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 2,131,470</u></u>

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2007**

**GOVERNMENTAL ACTIVITIES:**

General Revenues	
Tax revenue	\$ 994,188
Contract Districts	337,392
Interest	34,416
Library Incentive Aid	1,879
Donations	38,091
Charges For Services	<u>38,823</u>
	1,444,789
Library Expenditures	<u>(1,451,978)</u>
Changes In Net Assets	(7,189)
Net Change - Fixed Asset Fund	<u>1,312</u>
Total Net Changes	(5,877)
Total Net Assets 06-30-2006	<u>2,137,347</u>
Total Net Assets 06-30-2007	<u><u>\$2,131,470</u></u>



**WESTHAMPTON FREE LIBRARY  
BALANCE SHEET  
June 30, 2007**

**ASSETS**

**CURRENT**

Cash - checking - Suffolk County National Bank	\$ (42,112)
Money market - Suffolk County National Bank	(10)
Cash - Fidelity	214
Petty cash	151
Undeposited Funds	8
Certificate of Deposit- Suffolk County National Bank	<u>789,444</u>
	747,695
Stock - Cisco Systems Inc. and Coca Cola	<u>9,566</u>
	757,261

**FIXED ASSETS**

Fixed Assets - Net of depreciation	<u>1,374,209</u>
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**TOTAL ASSETS**

2,131,470

**LIABILITIES AND FUND BALANCES**

Liabilities	-
General fund	113,813
Capital fund	143,415
Building fund	500,000
Technology fund	33
Fixed asset fund	<u>1,374,209</u>

**TOTAL LIABILITIES AND FUND BALANCE**

\$ 2,131,470

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF REVENUE**  
Year ended June 30, 2007

	<u>ACTUAL</u>	<u>BUDGET</u>
Tax revenue	\$ 994,188	\$ 994,188
Contract districts	337,392	225,000
Copier revenue	2,697	4,500
Money market interest	3,936	700
Reserve Income	30,480	-
Library Incentive Aid	1,879	1,000
Donations - Friends	24,248	-
Donations - other	13,843	-
Fines	21,055	20,000
Material reimbursement	1,134	1,700
Miscellaneous revenue	<u>13,937</u>	<u>7,900</u>
<b>TOTAL REVENUE</b>	<u><u>\$ 1,444,789</u></u>	<u><u>\$ 1,254,988</u></u>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF EXPENDITURES  
Year ended June 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>
<b>LIBRARY MATERIALS</b>		
Books- printed	\$ 78,078	\$ 95,000
Books-electronic	8,023	6,500
Periodicals	10,210	10,800
Audio cassettes & CD's	15,591	20,000
Video cassettes	33,717	20,000
Library programs	56,689	22,500
Membership dues	1,120	1,600
Conferences	1,158	4,000
	<u>\$ 204,586</u>	<u>\$ 180,400</u>
<b>PERSONNEL</b>		
Salaries	662,953	683,587
Social security	48,973	54,687
Health insurance	76,180	58,000
Workmen's compensation	10,321	4,100
Unemployment	1,138	6,836
Officers' and directors ins.	719	850
Pension expense	20,524	22,078
Classes and other	1,525	2,500
Travel	1,477	2,000
Audit and legal	6,920	6,300
Payroll service	6,173	5,000
Disability	1,379	2,800
	<u>838,282</u>	<u>848,738</u>
<b>BUILDING AND GROUNDS</b>		
Janitor	37,300	37,500
Garbage	2,009	2,300
Insurance	13,846	16,000
Fuel	9,392	11,000
Electricity	28,859	30,000
Repairs	19,365	7,000
Furniture	3,166	2,500
Security	2,302	2,100
Water/Sewer	444	1,000
	<u>116,683</u>	<u>109,400</u>
<b>SUB-TOTALS FORWARD</b>	<b>\$ 1,159,551</b>	<b>\$ 1,138,538</b>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF EXPENDITURES  
Year ended June 30, 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>
Balance forward	1,159,551	1,138,538
<b>OFFICE EXPENSES</b>		
Office supplies	12,412	10,500
Book processing supplies	3,140	5,200
Circulation supplies	8,110	4,500
Custodial supplies	3,235	4,000
Equipment repairs	890	2,000
Miscellaneous	6,173	850
Office equipment	3,081	850
Photocopier	6,617	4,000
Media licenses	25	250
Telephone	3,583	4,000
Postage	8,022	11,000
Publicity and printing	17,412	13,300
Computer hardware	5,924	6,000
Computer maintenance and software	5,705	3,000
SCLS	14,695	14,750
Support	2,485	1,500
P.A.L.S.	9,398	14,000
Telecommunications	<u>15,111</u>	<u>16,750</u>
	126,018	116,450
<b>DONATION EXPENSES</b>		
Program adults	2,900	-
Programs children	4,305	-
Programs young adults	<u>1,000</u>	-
	8,205	-
<b>NEW BUILDING EXPENSES</b>		
Professional fees	156,715	-
Other expenses	<u>1,144</u>	-
	157,859	-
<b>RESERVE EXPENSES</b>		
Bank Fees	<u>345</u>	-
	345	-
	<u>\$ 1,451,978</u>	<u>\$ 1,254,988</u>

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**Year Ended June 30, 2007**

	<b>GENERAL FUND</b>	<b>CAPITAL FUND</b>	<b>BUILDING FUND</b>	<b>TECHNOLOGY FUND</b>	<b>FIXED ASSET FUND</b>
<b>Fund Balances - July 1, 2006</b>	\$ 149,961	\$ 605,627	\$ 10,000	\$ 33	\$ 1,371,726
<b>ADD:</b>					
Revenue	1,444,789				
Investment income	(30,303)	30,303			
Rental income					
Fixed asset additions/deletions					152,106
Donations					
Transfers	(158,204)	(490,000)	648,204		
	<u>1,406,243</u>	<u>145,930</u>	<u>658,204</u>	<u>33</u>	<u>1,523,832</u>
<b>DEDUCT:</b>					
Expenditures	(1,451,978)				
Professional fees	156,715		(156,715)		
Printing	1,144		(1,144)		
Bank fees	345		(345)		
Building repairs	2,450	(2,450)			
Prior year adjustment	(1,171)				
Depreciation - net					(149,623)
System support	65	(65)			
	<u>(1,292,430)</u>	<u>(2,515)</u>	<u>(158,204)</u>	<u>-</u>	<u>(149,623)</u>
<b>Fund Balances - June 30, 2007</b>	\$ 113,813	\$ 143,415	\$ 500,000	\$ 33	\$ 1,374,209

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2007**

**SOURCE OF CASH**

Revenues:	
General fund	\$ 1,256,282
Capital fund	30,303
Building fund	158,204
Technology fund	-
	<hr/>
	1,444,789
Less: Stock received	(9,566)
	<hr/>
	1,435,223
Expenditures	
General fund	(1,292,430)
Capital fund	(2,515)
Building fund	(158,204)
Technology fund	-
	<hr/>
	(1,453,149)
Decrease in cash flows	(17,926)
Cash balance July 1, 2006	\$ 765,621
Cash balance June 30, 2007	<u>\$ 747,695</u>

**WESTHAMPTON FREE LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year ended June 30, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY.** The Westhampton Free Library is located in the Town of Southampton, New York and is primarily funded by real estate tax revenues. The Board of Trustees is responsible for preparation of the annual budget, disbursement of funds, maintenance of assets and overseeing the Library management's control. The Library's management is responsible for day to day operations.

**FUND ACCOUNTING.** The accounts of the Library are organized on the basis of funds and account groups.

**BASIS OF ACCOUNTING.** The Library utilizes a modified accrual basis of accounting as prescribed by the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become available. Expenditures are recognized in the period in which the liability is incurred.

**2. CASH.** Cash in excess of current operating need is invested in interest bearing accounts. All investments are recorded at cost.

**3. FIXED ASSETS.** Fixed assets are recorded at cost and depreciated. Fixed assets are deleted when discarded or sold. The Library had its assets inventoried and valued by using actual cost or estimated cost and calculated depreciation over their useful lives. Management engaged an independent appraisal company to perform the task.

The summary of assets and depreciation are as follows:

	07/01/06	Additions	Deletions	06/30/07	Expected life
Land	\$ 700,000	-	-	\$ 700,000	N/A
Building and Improvements	525,134	-	-	525,134	25-50 Years
Books, Cassettes and CD'S	666,718	137,598	(76,776)	727,540	5 Years
Furniture and Equipment	285,216	9,891	-	295,107	5-20 years
<b>Totals Assets</b>	<b>2,177,068</b>	<b>147,489</b>	<b>(76,776)</b>	<b>2,247,781</b>	
(Less Depreciation)	(805,342)	149,623	(81,393)	(873,572)	
<b>Net Assets</b>	<b>\$ 1,371,726</b>			<b>\$ 1,374,209</b>	

# GIAQUINTO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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JOSEPH C. GIAQUINTO, C.P.A.  
MARGARET A. GIAQUINTO, C.P.A.

POST OFFICE BOX 2014  
REMSENBURG, NY 11960  
(631) 325-7762  
FAX (631) 325-7784

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### WESTHAMPTON FREE LIBRARY

We have audited the financial statements of the Westhampton Free Library as of the year ended June 30, 2007, and have issued our report thereon dated October 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Westhampton Free Library financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Governmental Auditing Standards.

#### Internal control Over Financial Reporting

In planning and performing our audit, we considered the Westhampton Free Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

  
Giaquinto and Company  
Certified Public Accountants  
October 12, 2007



**WESTHAMPTON FREE LIBRARY  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
Year ended June 30, 2007**

**PART I - SUMMARY OF AUDITOR'S RESULTS:**

The Independent Auditors' Report on the general purpose financial statements of the **Westhampton Free Library** as of June 30, 2005 and for the year then ended expressed an unqualified opinion.

The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.

The results of the audit disclosed no instances of noncompliance that are considered to be material to general purpose financial statements of the Any Library.

**Part II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

None

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

None

**WESTHAMPTON FREE LIBRARY  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
Year ended June 30, 2007**

**SECTION I**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.**

No findings that are material to the financial statements reported.  
Response - N/A

**SECTION II**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS.**

No findings were reported in the schedule of findings and questioned costs.  
Response - N/A

**SECTION III**

**MANAGEMENT LETTER**

See Management Letter on Page 18.  
Management is in agreement.

**WESTHAMPTON FREE LIBRARY**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST**  
**Year Ended June 30, 2007**

**SECTION I**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.**

No findings of this nature were reported as a result of the previous audit.

Response - N/A

**SECTION II**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS.**

No findings of this nature were reported as a result of the previous audit.

Response - N/A

**SECTION III**

**MANAGEMENT LETTER**

No management letter was issued with the previous audit.

Response - N/A

# GIAQUINTO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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JOSEPH C. GIAQUINTO, C.P.A.  
MARGARET A. GIAQUINTO, C.P.A.

POST OFFICE BOX 2014  
REMSENBURG, NY 11960  
(631) 325-7762  
FAX(631) 325-7784

**Westhampton Free Library  
Westhampton Beach, NY 11978**

Re: Management Letter: Deficiencies in the Design of Controls

We were engaged by the Westhampton Free Library to audit the financial statements for the year ended June 30, 2007. As part of the audit, we noted the following:

Because management did not prepare the June 30, 2007 financial statement, it was necessary for Giaquinto and Company to prepare the financial statement. This represents a common practice as auditors usually prepare the financial statements for clients of this size.

According to the Statement on Auditing Standards No. 112, this constitutes a deficiency in the design of controls and must be reported to you as such. This standard came into effect as of December 31, 2006.

Please be assured that the internal controls at the Westhampton Free Library are strong and the above, although a deficiency, does not weaken such internal controls.

Sincerely,

  
Giaquinto and Company C.P.A.'S

October 12, 2007