

WESTHAMPTON FREE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2023

WESTHAMPTON FREE LIBRARY

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BALDESSARI & COSTER LLP

Certified Public Accountants
84 Covert Avenue
Stewart Manor, New York 11530

Kevin Baldessari, C.P.A.
Albert Coster, C.P.A.
Edward Schlomann, C.P.A.

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THE NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

(516) 326-2582
Fax # (516) 358-7626

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Westhampton Free Library
7 Library Avenue
Westhampton Beach, New York 11978

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Westhampton Free Library (the "Library") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Westhampton Free Library, as of June 30, 2023, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westhampton Free Library, 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 these 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 Westhampton Free Library'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.

Auditor's 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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Westhampton Free Library'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westhampton Free Library'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 the management's discussion and analysis and budgetary comparison information 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.



Certified Public Accountants
Stewart Manor, New York
August 4, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

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

- The first column of these financial statements includes information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. 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's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 2,241	\$ 2,475	\$ (234)
Right to use assets	44	57	(13)
Capital assets	<u>7,665</u>	<u>7,965</u>	<u>(300)</u>
Total Assets	<u>9,950</u>	<u>10,497</u>	<u>(547)</u>
Liabilities:			
Long-term debt	1,968	2,345	(377)
Other liabilities	<u>109</u>	<u>67</u>	<u>42</u>
Total Liabilities	<u>2,077</u>	<u>2,412</u>	<u>(335)</u>
Net Position:			
Net investment in capital assets	6,165	6,005	160
Restricted	21	21	0
Unrestricted	<u>1,687</u>	<u>2,059</u>	<u>(372)</u>
Total Net Position	<u>\$ 7,873</u>	<u>\$ 8,085</u>	<u>\$ (212)</u>
Revenue:			
Tax revenues	\$ 2,473	\$ 2,369	\$ 104
Contracts with other districts	781	852	(71)
Other revenue	<u>138</u>	<u>118</u>	<u>20</u>
Total Revenue	3,392	3,339	53
Expenses - Library services	<u>3,604</u>	<u>3,266</u>	<u>338</u>
Change in net position	(212)	73	(285)
Net position - beginning of year	<u>8,085</u>	<u>8,012</u>	<u>73</u>
Net Position- End Of Year	<u>\$ 7,873</u>	<u>\$ 8,085</u>	<u>\$ (212)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position decreased by \$212,286 this year. This was primarily the result of spending more than anticipated on salaries and employee benefits.
- The Library's primary source of revenue is from property taxes, which represents 73 percent of total revenue. This revenue totaled \$2,472,799 for the year ending June 30, 2023. In the prior year, tax revenues totaled \$2,368,767 and represented 71 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 65 percent of the Library's total expenses. These expenses totaled \$2,359,175 for the year ending June 30, 2023. In the prior year, salaries and benefits totaled \$2,089,507 and represented 64 percent of total expenses.

The Library Funds:

Our analysis of the Library's major fund is included in the first column of pages 10 through 11 on the respective statements. The fund column provides detailed information about the most significant fund – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently, the Library has only one major fund, the General Fund.

The fund balance of the General Fund decreased during the year from \$2,411,378 to \$2,134,059. Statements detailing the revenues and expenditures for this fund is included in this report.

Budgetary Highlights:

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The Library had an unfavorable variance in the contracts with other districts budget line of \$65,429. This income is very difficult to budget because revenues can fluctuate depending upon the number of residents from neighboring un-served library districts who sign up with the Westhampton Free Library for service. These neighboring districts can choose from a number of neighboring libraries for service.
- The Library received more payments in lieu of taxes than anticipated due to funds received for the Gabreski Airport.
- More gift and donation income was received than had been anticipated due to the generosity of the Friends of the Library and several members of the community.
- The Library received more interest income than anticipated because of the sharp increase in interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- As the Library has been able to emerge from the pandemic, its programming has returned to normal. As a result, more program income was received than had been budgeted for.
- The favorable variance in the budget line for other income was due to collecting more money for the Café as well as passport and notary services than anticipated.
- The budget line for health insurance was overspent by \$66,786. The Library attributes this to having more full-time employees than anticipated opting for family coverage.
- The budget line for unemployment insurance was overspent due to an increase in rates.
- The budget line for books-electronic format was overspent by \$17,149. The Library attributes this to the combination of higher costs and higher circulation. Demand for materials in this format increased significantly.
- The budget line for video materials was underspent. This was due to lower demand for these materials.
- The budget line for adult programs was underspent by \$6,853. The Library attributes this to the fact that it has been able to use existing staff to run programs as opposed to outsourcing the programs to subcontractors.
- The budget lines for children's programs as well as other programs were both overspent due to the combination of increasing costs and increasing demand for quality programming.
- The budget lines for supplies and software were both overspent due to increasing costs.
- The favorable variance in the budget line for photocopier rental, repair and maintenance is directly related to the unfavorable variance in the debt service budget section. Due to the issuance of Governmental Accounting Standard No. 87, the Library was required reclassify its obligation for copier leases to long-term debt. As a result, the monthly lease payments were required to be classified as principal and interest payments within the debt service budget section.
- The budget line for printing and publicity was overspent by \$16,242. The Library attributes this to increased paper costs.
- The budget line for conference and travel was significantly underspent because fewer staff were traveling to attend conferences.
- The budget line for miscellaneous expenses was overspent due to various passport, café and notary expenses as well as other unanticipated fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for building improvements was overspent by \$12,400. During the year the Library paid \$16,400 in plumbing fees in order to connect to the County sewer lines.

Capital Assets:

During the fiscal year the Library purchased \$19,811 of fixed assets (capital outlay). The majority of this amount (\$16,400) was spent on connecting the Library building to the county sewer lines. The remaining purchases were for computer and other equipment, etc. The Library also discarded obsolete equipment with an estimated original cost of \$2,000.

Debt Administration:

Long term debt consisted of bonds payable, the lease liability and the debt that the Library had to its employees for unused sick and vacation time (compensated absences). During the fiscal year ending June 30, 2023, the Library made its annual principal payment on the bond of \$460,000. This reduced the bonds payable from \$1,960,000 at June 30, 2022 to \$1,500,000 at June 30, 2023. Interest, which is paid two times per year, totaled \$79,050. The Library also made principal payments of \$13,373 on its lease liability reducing the debt at June 30, 2023 to \$44,074. The liability for compensated absences at June 30, 2023 was \$423,996. This represents an increase of \$96,464 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2023-2024 fiscal year was approved by the taxpayers. The anticipated tax revenues will be 2,550,193. This represents a 3.15% increase over the 2022-2023 fiscal year budget.

**WESTHAMPTON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023**

	General Fund	Adjustments (Note 13)	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 959,646	\$	\$ 959,646
Contract district receivable	780,571		780,571
Payments in lieu of taxes receivable	14,487		14,487
Accrued interest	3,086		3,086
Prepaid expenses	52,474		52,474
Deposits	1,500		1,500
Investments - certificate of deposit	429,359		429,359
Right to use lease assets, net of amortization		44,074	44,074
Capital assets, net of depreciation		7,665,193	7,665,193
Total Assets	\$ 2,241,123	\$ 7,709,267	\$ 9,950,390
Liabilities:			
Accounts payable	\$ 86,775	\$	\$ 86,775
Accrued payroll and related items	20,289		20,289
Accrued interest payable		2,492	2,492
Non-current liabilities:			
Lease liability		44,074	44,074
Compensated absences		423,996	423,996
Bonds payable		1,500,000	1,500,000
Total Liabilities	\$ 107,064	\$ 1,970,562	\$ 2,077,626
Fund Balances/Net Position:			
Nonspendable (prepaids and deposits)	\$ 53,974	\$ (53,974)	
Restricted for Gazebo Concert Series	20,531	(20,531)	
Committed for specific purposes	491,719	(491,719)	
Unassigned	1,567,835	(1,567,835)	
Total Fund Balance	2,134,059	(2,134,059)	
Total Liabilities And Fund Balance	\$ 2,241,123	\$	
Net Position:			
Net investment in capital assets		6,165,193	6,165,193
Restricted for Gazebo Concert Series		20,531	20,531
Unrestricted		1,687,040	1,687,040
Total Net Position		7,872,764	\$ 7,872,764

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

**WESTHAMPTON FREE LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 13)</u>	<u>Statement of Activities</u>
Revenues:			
Tax revenues and related items	\$ 2,472,799	\$	\$ 2,472,799
Contracts with other districts	780,571		780,571
Payments in lieu of taxes	18,152		18,152
State Aid and grants	1,983		1,983
Gifts and donations	46,898		46,898
Interest income	7,924		7,924
Copier income	4,614		4,614
Adult program income	46,894		46,894
Fines and Lost material reimbursement	2,028		2,028
Other income	10,098		10,098
Total Revenues	<u>\$ 3,391,961</u>	<u>\$ 0</u>	<u>\$ 3,391,961</u>
Expenditures/Expenses For Library services:			
Salaries and benefits	\$ 2,262,711	\$ 96,464	\$ 2,359,175
Library materials and programs	358,367		358,367
Library operations	259,652		259,652
Building operations	215,661		215,661
Capital outlay	19,811	(19,811)	
Depreciation		319,071	319,071
Amortization		13,373	13,373
Debt service:			
Principal - bond	460,000	(460,000)	
Interest - bond	79,050	(757)	78,293
Principal - copier leases	13,373	(13,373)	
Interest - copier leases	655		655
Total Expenditures/Expenses	<u>3,669,280</u>	<u>(65,033)</u>	<u>3,604,247</u>
Excess (Deficiency) of Revenues over Expenditures	(277,319)	65,033	
Change In Net Position		(212,286)	(212,286)
Fund balance/net position - beginning of year	<u>2,411,378</u>	<u>5,673,672</u>	<u>8,085,050</u>
Fund Balance/Net Position - End Of Year	<u>\$ 2,134,059</u>	<u>\$ 5,738,705</u>	<u>\$ 7,872,764</u>

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

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Westhampton Free Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- The management’s Discussion and Analysis section providing an analysis of the Library’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library’s activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

- A. **Reporting Entity:** The Westhampton Free Library is located in the Town of Southampton, New York and coordinates the raising of its real estate tax revenues with the Westhampton Beach Union Free School District. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management’s control and disbursement of funds and maintenance of assets. The Library’s management is solely responsible for day-to-day operations.
- B. **Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds).

Government-Wide Financial Statements: The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: Summary of Significant Accounting Policies (Continued)

**B. Management Focus, Basis of Accounting and Financial Statement Presentation:
(Continued)**

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due.

The Library reports on the following fund:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

C. Capital Assets: Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Library books and materials are not capitalized. The land is not depreciated.

Depreciation on all assets (other than land) is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	5 years
Other equipment	5 to 10 years
Furniture and other equipment	10 to 20 years
Building	50 years
Building improvements	20 to 40 years

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

- D. Right to Use Assets:** The Library has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.
- E. 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 statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.
- F. Fund Balance Classifications:** The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a governmental entity must use for financial reporting purposes. They are as follows:
- Nonspendable:** This includes amounts that cannot be spent because they are either not in spendable form (i.e., inventories, prepaid expenses, etc.) or they are legally or contractually required to be maintained intact.
- Restricted:** This includes amounts with constraints placed on the use of resources. These constraints can be externally imposed by creditors, grantors, contributors, or imposed by laws and regulations.
- Committed:** This includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's Board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned:** This includes amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. The Library Board is not required to impose or remove the constraint. Assignments of fund balance cannot be made if it would result in a negative unassigned fund balance.
- Unassigned:** This includes the residual classification for the Library's general fund. This classification represents fund balance that has not been assigned to other funds, assigned for specific purposes, restricted, or committed.

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: Summary of Significant Accounting Policies (Continued)

- G. Order of Use of Restricted/Unrestricted Net Position and Fund Balance:** When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first. Expenditures incurred from unrestricted resources are applied to committed fund balance as determined by the Board, then to assigned fund balance, and then to the unassigned fund balance.
- H. Investments:** The Library's investment policies are governed by State statutes and its own written investment policy. Permissible investments for the Library include special time deposit accounts, certificates of deposit, obligations of the United States of America and the State of New York, as well as most investments permitted by General Municipal Law.

NOTE 2: Concentration of Credit Risk

The Library maintains its cash balances at several banks. At year end, the Library's carrying amount of deposits was \$1,388,005 (excludes petty cash) and the bank balance was \$1,400,747. Of the bank balance, \$548,791 was covered by federal depository insurance. The remaining balance of \$851,596 was covered by collateral held by the Library's agent.

NOTE 3: Cash and Cash Equivalents

The Library has defined cash and cash equivalents to include demand deposits, and short-term investments with a maturity of three months or less.

NOTE 4: Certificates of Deposit

Cash in excess of current operating needs is invested in interest bearing accounts and certificates of deposit. As of June 30, 2023, the Library had \$429,359 invested in a certificate of deposit. The details are as follows:

<u>Bank</u>	<u>Date of Maturity</u>	<u>Rate of Investment</u>	<u>Balance as of 6/30/2023</u>
M & T Bank	04/21/24	3.92%	\$ <u>429,359</u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5: Right to Use Leased Assets

The Library has recorded two right to use leased assets. Both are for leased copier equipment. These right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.

The following is a summary of the right to use asset activity for the year ended June 30, 2023:

	Balance as of 7/1/2022	Increases	Decreases	Balance as of 6/30/2023
Right to use assets:				
Leased copier equipment	\$ 67,956	\$ 0	\$ 0	\$ 67,956
Less accumulated amortization for:				
Leased copier equipment	(10,509)	(13,373)	0	(23,882)
Right to use assets, net	<u>\$ 57,447</u>	<u>\$ (13,373)</u>	<u>\$ 0</u>	<u>\$ 44,074</u>

NOTE 6: Capital Assets

A summary of changes in general fixed assets is as follows:

	Balance as of 7/1/2022	Additions	Deletions	Balance as of 6/30/2023
Assets not being depreciated:				
Land	\$ 700,000	\$ 0	\$ 0	\$ 700,000
Artwork	6,900	0	0	6,900
Construction in progress	0	1,000		1,000
Assets being depreciated:				
Building and improvements	8,815,855	16,400	0	8,832,255
Computer equipment	158,183	899	0	159,082
Furniture and other equipment	834,396	1,512	(2,000)	833,908
Total	10,515,334	19,811	(2,000)	10,533,145
Accumulated depreciation	<u>(2,550,881)</u>	<u>(319,071)</u>	<u>2,000</u>	<u>(2,867,952)</u>
Net Book Value	<u>\$ 7,964,453</u>	<u>\$ (299,260)</u>	<u>\$ 0</u>	<u>\$ 7,665,193</u>

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: Lease Liability

The Library has entered into two copier lease agreements. The agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of inception.

The first agreement was executed on June 28, 2021 and requires 60 monthly payments of \$840. The lease liability is measured at a discount rate of 1.07%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$29,747 at June 30, 2023.

The second agreement was executed on March 22, 2022 and requires 60 monthly payments of \$329. The lease liability is measured at a discount rate of 1.72%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$14,327 at June 30, 2023.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2023, are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 13,541	\$ 487	\$ 14,028
2025	13,711	317	14,028
2026	13,883	145	14,028
2027	2,939	21	2,960
Total	<u>\$ 44,074</u>	<u>\$ 970</u>	<u>\$ 45,044</u>

NOTE 8: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2023 for unused sick and vacation pay amounting to \$423,996. The Library expects to pay \$33,869 of this liability within the next twelve months.

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9: Bonds Payable

In October 2007, the taxpayers approved a \$7,827,820 bond issue by the Suffolk County Development Agency in order to finance the construction of its new Library building. The bonds are payable until June 15, 2028 and have an interest rate that increases from 3.25% to 4.25% over their term.

In June 2018, the Library elected to call the bonds that were scheduled to mature in 2027 and 2028. As a result, the remaining bonds payable are scheduled to mature in June 2026, and they have interest rates that increase from 3.625% to 4.125% over their term.

As of June 30, 2023, the Library's liability for bonds payable is \$1,500,000. Future payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 480,000	\$ 60,650	\$ 540,650
2025	500,000	41,450	541,450
2026	<u>520,000</u>	<u>21,450</u>	<u>541,450</u>
Total	<u>\$ 1,500,000</u>	<u>\$ 123,550</u>	<u>\$ 1,623,550</u>

NOTE 10: Long Term Debt

A summary of changes in long-term debt for the year ended June 30, 2023 is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Non-current liabilities</u>	
	<u>7/1/2022</u>				<u>Increases</u>	<u>Reductions</u>
Compensated absences	\$ 327,532	\$ 96,464	\$ 0	\$ 423,996	\$ 33,869	\$ 390,127
Lease liability	57,447	0	13,373	44,074	13,541	30,533
Bonds payable	<u>1,960,000</u>	<u>0</u>	<u>460,000</u>	<u>1,500,000</u>	<u>480,000</u>	<u>1,020,000</u>
Total	<u>\$ 2,344,979</u>	<u>\$ 96,464</u>	<u>\$ 473,373</u>	<u>\$ 1,968,070</u>	<u>\$ 527,410</u>	<u>\$ 1,440,660</u>

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: Retirement Plan

The Library maintains a 403(b) defined contribution retirement plan for its eligible employees. In order to qualify, employees must complete the required enrollment forms, be a minimum of 21 years of age, have completed three months of service and be regularly scheduled to work 35 or more hours per week. If an employee satisfies these requirements, the Library will contribute 5% of each participant's annual salary, 5.5% of the management staff annual salary and 10% of each Director's annual salary. The Plan also allows employees to make tax deferred contributions up to the maximum amount allowed by the Internal Revenue Code. The Library's retirement contribution for the year ending June 30, 2023 was \$88,696, for 2022 it was \$80,489 and for 2021 it was \$73,833.

NOTE 12: Funds Committed for Specific Purposes

A summary of changes in assigned funds for the year ending June 30, 2023 are as follows:

	Balance as of 7/1/2022	Funds Committed (Uncommitted)	Funds Expensed	Balance as of 6/30/2023
Funds Committed For:				
Sick and Vacation payouts	\$ 137,921	\$ 40,000	\$ (38,707)	\$ 139,214
Programs	0	29,869	(29,869)	0
Professional development	32,771	0	(3,080)	29,691
Long-term maintenance	189,214	0	(16,400)	172,814
Budget stabilization	150,000	0	0	150,000
Total	<u>\$ 509,906</u>	<u>\$ 69,869</u>	<u>\$ (88,056)</u>	<u>\$ 491,719</u>

**WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

Total Fund Balance - Modified Accrual Basis	\$ 2,134,059
Amounts reported in the statement of net position are different because:	
• Capital assets are not financial resources, and are not reported in the funds.	7,665,193
• Right to use assets are not financial resources, and are not reported in the funds.	44,074
• Interest expense on the bond liability is not accrued in the funds.	(2,492)
• Lease liability payments due in future periods are not reported in the funds.	(44,074)
• Compensated absences are included as a liability in the funds.	(423,996)
• Bonds payable in future periods are not reported in the funds.	<u>(1,500,000)</u>
Total Net Position - Full Accrual Basis	<u>\$ 7,872,764</u>
Net Change in Fund Balance - Modified Accrual Basis	\$ (277,319)
Amounts reported in the statement of activities are different because:	
• Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	19,811
Depreciation expense	(319,071)
Amortization expense	(13,373)
• (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:	
Compensated absences	(96,464)
Interest on bonds payable	757
• Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability:	
Principal paid on bond payable	460,000
Principal paid on lease liability	<u>13,373</u>
Change in Net Position - Full Accrual Basis	<u>\$ (212,286)</u>

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Revenues and related items:				
Westhampton Beach UFSD	\$ 2,472,358	\$ 2,472,358	\$ 2,472,799	\$ 441
Operating Revenues:				
Contracts with other districts	846,000	846,000	780,571	(65,429)
Payments in lieu of taxes	11,111	11,111	18,152	7,041
State Aid and grants	2,700	2,700	1,983	(717)
Gifts and donations	11,500	11,500	46,898	35,398
Interest income	2,500	2,500	7,924	5,424
Copier income	6,500	6,500	4,614	(1,886)
Adult program income	40,000	40,000	46,894	6,894
Fines and lost material reimbursement	2,500	2,500	2,028	(472)
Other income	0	0	10,098	10,098
Total Operating Revenues	<u>922,811</u>	<u>922,811</u>	<u>919,162</u>	<u>(3,649)</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 3,395,169</u>	<u>\$ 3,395,169</u>	<u>\$ 3,391,961</u>	<u>\$ (3,208)</u>
Expenditures:				
Salaries and Benefits:				
Salaries	\$ 1,576,900	\$ 1,576,900	\$ 1,683,609	\$ (106,709)
Health insurance	272,000	272,000	338,786	(66,786)
Social Security	120,632	120,632	121,355	(723)
Pension	83,537	83,537	88,696	(5,159)
Workers' compensation insurance	14,250	14,250	16,983	(2,733)
Unemployment insurance	3,000	3,000	10,899	(7,899)
Disability insurance	5,000	5,000	1,533	3,467
Employee Assistance Program	900	900	850	50
Total Salaries and Benefits	<u>\$ 2,076,219</u>	<u>\$ 2,076,219</u>	<u>\$ 2,262,711</u>	<u>\$ (186,492)</u>

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

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Library Materials and Programs:				
Books - print	\$ 50,000	\$ 50,000	\$ 48,653	\$ 1,347
Books - electronic format	86,000	86,000	103,149	(17,149)
Periodicals	8,250	8,250	9,550	(1,300)
Audio	10,000	10,000	9,158	842
Video	35,000	35,000	21,396	13,604
Programs - adult	65,000	65,000	58,147	6,853
Programs - children	36,000	36,000	43,303	(7,303)
Programs - teen	6,000	6,000	4,387	1,613
Programs - other (net cash receipts of \$29,869)	20,000	20,000	60,624	(40,624)
Total Library Materials and Programs	<u>316,250</u>	<u>316,250</u>	<u>358,367</u>	<u>(42,117)</u>
Library Operations:				
SCLS basic service fee	22,500	22,500	25,265	(2,765)
Office and library supplies	23,000	23,000	30,473	(7,473)
PALS - automation	17,000	17,000	13,681	3,319
Photocopier rental, repair and maintenance	23,000	23,000	4,768	18,232
Printing and publicity	27,000	27,000	43,242	(16,242)
Postage	11,500	11,500	10,801	699
Professional fees - audit, legal and bond	16,000	16,000	20,109	(4,109)
Professional fees - payroll service	16,000	16,000	16,637	(637)
Professional fees - tech support	500	500	0	500
Professional fees - support and other	900	900	700	200
Flex Spending Account Fees	2,000	2,000	2,436	(436)
Software	15,000	15,000	21,940	(6,940)
Marketing and promotion	24,000	24,000	19,284	4,716
Telecommunications	11,000	11,000	16,434	(5,434)
Conferences and travel	17,000	17,000	7,208	9,792
Professional memberships	4,000	4,000	4,759	(759)
Administration classes	3,000	3,000	5,853	(2,853)
Professional development	0	0	3,080	(3,080)
Media licenses	1,000	1,000	330	670
Miscellaneous expense	3,750	3,750	12,652	(8,902)
Total Library Operations	<u>\$ 238,150</u>	<u>\$ 238,150</u>	<u>\$ 259,652</u>	<u>\$ (21,502)</u>

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

**WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Building Operations:				
Building repairs and maintenance	\$ 43,000	\$ 43,000	\$ 44,469	\$ (1,469)
Janitorial services	61,800	61,800	61,800	0
Landscaping	8,200	8,200	8,546	(346)
Electricity	43,000	43,000	44,583	(1,583)
Insurance	41,500	41,500	36,538	4,962
Gas/fuel	6,000	6,000	8,439	(2,439)
Water and sewer	2,750	2,750	1,006	1,744
Security	3,000	3,000	1,719	1,281
Garbage removal	3,500	3,500	2,624	876
Custodial supplies	4,500	4,500	5,937	(1,437)
Total Building Operations	<u>217,250</u>	<u>217,250</u>	<u>215,661</u>	<u>1,589</u>
Capital Outlay:				
Furniture and equipment	3,250	3,250	2,411	839
Building improvements	5,000	5,000	17,400	(12,400)
Total Capital Outlay	<u>8,250</u>	<u>8,250</u>	<u>19,811</u>	<u>(11,561)</u>
Debt Service:				
Principal - bond			460,000	
Interest - bond			79,050	
Principal - copier leases			13,373	
Interest - copier leases			655	
Total Debt Service	<u>539,050</u>	<u>539,050</u>	<u>553,078</u>	<u>(14,028)</u>
Total Expenditures	<u>3,395,169</u>	<u>3,395,169</u>	<u>3,669,280</u>	<u>(274,111)</u>
Excess Of Expenditures Over Revenues	0	0	(277,319)	(277,319)
Budgetary fund balance - beginning of year	<u>2,411,378</u>	<u>2,411,378</u>	<u>2,411,378</u>	<u>2,411,378</u>
Budgetary Fund Balance - End Of Year	<u>\$ 2,411,378</u>	<u>\$ 2,411,378</u>	<u>\$ 2,134,059</u>	<u>\$ 2,134,059</u>

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