

**WESTHAMPTON FREE LIBRARY
FINANCIAL STATEMENTS
JUNE 30, 2008**

WESTHAMPTON FREE LIBRARY
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June 30, 2008

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GIAQUINTO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH C. GIAQUINTO, C.P.A.
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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, 2008, 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, 2008, 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, 2008, 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,

A handwritten signature in cursive script that reads "Giaquinto and Company C.P.A.s.".

Giaquinto and Company
Certified Public Accountants

October 12, 2008

**WESTHAMPTON FREE LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

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 areas without their own public library. These areas include East Quogue, Remsenburg-Speonk, Eastport, East Moriches and South Manor.

On June 30th, 2008 we had almost 11,000 patrons registered with library cards, while our door counters logged over 171,000 visits to our building during the prior 12 months. In addition over 13,900 residents attended programs at our library last year. We circulated over 170,000 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 seven community members who work on a strictly voluntary basis for the library. This board is currently managing 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
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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, 2008**

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, 2008**

	GOVERNMENTAL ACTIVITIES
	<u> </u>
ASSETS	
Cash	\$ 8,404,408
Stock	\$ 8,576
Building Construction - In Progress	\$ 619,569
Capital Assets, Net	<u>1,390,772</u>
TOTAL ASSETS	<u><u>10,423,325</u></u>
LIABILITIES	
Bond Payable	<u>7,827,820</u>
TOTAL LIABILITIES	7,827,820
NET ASSETS	
Invested In Capital Assets	2,010,341
Unrestricted	342,779
Restricted	<u>242,385</u>
TOTAL NET ASSETS	<u><u>\$ 2,595,505</u></u>

**WESTHAMPTON FREE LIBRARY
STATEMENT OF ACTIVITIES
Year ended June 30, 2008**

GOVERNMENTAL ACTIVITIES:

General Revenues

Tax revenue	\$ 1,250,000
Contract Districts	369,120
Grants	51,303
Interest	115,933
Library Incentive Aid	1,879
Donations	31,076
Charges For Services	<u>12,124</u>

1,831,435

Library Expenditures

(2,003,234)

Changes In Net Assets

(171,799)

Set up of Building Construction In Progress

619,569

Net Change - Fixed Asset Fund

16,265

Total Net Changes

464,035

Total Net Assets 06-30-2007

2,131,470

Total Net Assets 06-30-2008

\$2,595,505

**WESTHAMPTON FREE LIBRARY
BALANCE SHEET
June 30, 2008**

ASSETS

CURRENT

Cash - checking - Suffolk County National Bank	\$ 65,110
Money market - Suffolk County National Bank	(10)
Cash - Fidelity	214
Petty cash	151
Bank of New York	6,892,704
Money Market- Bank of New York	282,745
Certificate of Deposit- Suffolk County National Bank	<u>1,163,494</u>
	8,404,408
Stock - Cisco Systems Inc. and Coca Cola	<u>8,576</u>
	8,412,984

FIXED ASSETS

Building Construction - In Progress	619,569
Fixed Assets - Net of depreciation	<u>1,390,772</u>
	<u>2,010,341</u>

TOTAL ASSETS

10,423,325

LIABILITIES AND FUND BALANCES

Liabilities	
Bonds payable	7,827,820
General fund	342,779
Capital fund	179,644
Building fund	54,257
Technology fund	8,484
Fixed asset fund	<u>2,010,341</u>
	<u>2,595,505</u>

TOTAL LIABILITIES AND FUND BALANCE

\$ 10,423,325

**WESTHAMPTON FREE LIBRARY
STATEMENT OF REVENUE
Year ended June 30, 2008**

	<u>ACTUAL</u>	<u>BUDGET</u>
Tax revenue	\$ 1,250,000	\$ 1,250,000
Contract districts	369,120	217,661
Copier revenue	4,905	4,000
Building Fund Interest	79,664	-
Reserve Income	36,269	-
Library Incentive Aid	1,879	1,879
Donations - Friends	18,000	-
Donations - other	13,076	-
Grants	51,303	-
Fines	586	-
Material reimbursement	1,861	1,700
Miscellaneous revenue	<u>4,772</u>	<u>7,900</u>
TOTAL REVENUE	<u><u>\$ 1,831,435</u></u>	<u><u>\$ 1,483,140</u></u>

**WESTHAMPTON FREE LIBRARY
STATEMENT OF EXPENDITURES
Year ended June 30, 2008**

	<u>ACTUAL</u>	<u>BUDGET</u>
LIBRARY MATERIALS		
Books- printed	\$ 99,292	\$ 95,000
Books-electronic	11,913	7,000
Periodicals	11,266	10,298
Audio cassettes & CD's	11,611	23,000
Video cassettes	28,554	25,000
Library programs	<u>32,833</u>	<u>39,000</u>
	\$ 195,469	\$ 199,298
PERSONNEL		
Salaries	719,378	792,010
Social security	51,569	63,362
Health insurance	104,999	109,000
Workmen's compensation	4,553	5,500
Unemployment	3,011	7,920
Officers' and directors ins.	825	900
Pension expense	21,638	21,200
Membership dues	2,278	1,800
Conferences	2,093	4,500
Classes and other	1,739	2,800
Travel	5,801	2,500
Audit and legal	7,150	7,000
Payroll service	6,846	6,000
Disability	<u>1,901</u>	<u>1,500</u>
	933,781	1,025,992
BUILDING AND GROUNDS		
Janitor	40,760	39,000
Custodial supplies	2,829	4,500
Garbage	925	2,500
Insurance	17,810	16,500
Fuel	10,160	13,000
Electricity	26,940	33,000
Repairs	6,846	9,000
Furniture	485	4,000
Security	1,400	2,200
Water/Sewer	<u>470</u>	<u>1,200</u>
	<u>108,625</u>	<u>124,900</u>
SUB-TOTALS FORWARD	\$ 1,237,875	\$ 1,350,190

**WESTHAMPTON FREE LIBRARY
STATEMENT OF EXPENDITURES
Year ended June 30, 2008**

	<u>ACTUAL</u>	<u>BUDGET</u>
Balance forward	1,237,875	1,350,190
OFFICE EXPENSES		
Office supplies	15,643	11,500
Book processing supplies	1,849	5,400
Circulation supplies	1,191	6,500
Equipment repairs	42	2,500
Miscellaneous	5,426	1,500
Office equipment	481	1,000
Photocopier	6,566	7,500
Media licenses	50	300
Telephone	4,127	4,750
Postage	8,712	12,000
Publicity and printing	19,054	16,000
Computer hardware	893	9,000
Computer maintenance and software	2,622	5,000
SCLS	14,716	15,000
Support	478	2,000
P.A.L.S.	9,699	15,000
Telecommunications	<u>13,314</u>	<u>18,000</u>
	104,863	132,950
DONATION EXPENSES		
Program adults	5,910	-
Programs children	7,940	-
Programs young adults	<u>4,170</u>	<u>-</u>
	18,020	-
NEW BUILDING EXPENSES		
Professional fees	462,854	-
Rent and moving expenses	109,250	-
Other expenses	<u>3,857</u>	<u>-</u>
	575,961	-
RESERVE EXPENSES		
RFID Labels	63,119	-
Key Card System	1,266	-
Web Site	<u>2,130</u>	<u>-</u>
	<u>66,515</u>	<u>-</u>
	<u>\$ 2,003,234</u>	<u>\$ 1,483,140</u>

**WESTHAMPTON FREE LIBRARY
STATEMENT OF CHANGES IN FUND BALANCE
Year Ended June 30, 2008**

	GENERAL FUND	CAPITAL FUND	BUILDING FUND	TECHNOLOGY FUND	FIXED ASSET FUND
Fund Balances - July 1, 2007	\$ 113,813	\$ 143,415	\$ 500,000	\$ 33	\$ 1,374,209
ADD:					
Revenue	1,831,435				
Investment income	(115,934)	36,229	79,665		
Grant	(50,553)		50,553		
Building in progress					619,569
Fixed asset additions/deletions					166,981
Adjustment	(258)				
Transfers	(75,000)	-	-	75,000	
	<u>1,703,503</u>	<u>179,644</u>	<u>630,218</u>	<u>75,033</u>	<u>2,160,759</u>
DEDUCT:					
Expenditures	(2,003,234)				
Professional fees	462,854		(462,854)		
Printing	3,857		(3,857)		
Rent and moving expense	109,250		(109,250)		
Building repairs	-	-			
Depreciation - net					(150,418)
Reserve expense	66,549	-		(66,549)	
	<u>(1,360,724)</u>	<u>-</u>	<u>(575,961)</u>	<u>(66,549)</u>	<u>(150,418)</u>
Fund Balances - June 30, 2008	<u>\$ 342,779</u>	<u>\$ 179,644</u>	<u>\$ 54,257</u>	<u>\$ 8,484</u>	<u>\$ 2,010,341</u>

**WESTHAMPTON FREE LIBRARY
STATEMENT OF CASH FLOWS
Year ended June 30, 2008**

SOURCE OF CASH

Revenues:	
General fund	\$ 1,664,948
Capital fund	36,269
Building fund	130,218
Technology fund	<u>-</u>
	1,831,435
Proceeds of bond	<u>7,827,820</u>
	9,659,255
Expenditures	
General fund	(1,360,724)
Capital fund	-
Building fund	(575,961)
Technology fund	<u>(66,549)</u>
	(2,003,234)
Increase in cash flows	7,656,021
Cash balance July 1, 2007	<u>\$ 748,387</u>
Cash balance June 30, 2008	<u><u>\$ 8,404,408</u></u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2008

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	727,540	150,723	-	878,263	5 Years
Furniture and Equipment	295,107	18,295	(24,731)	288,671	5-20 years
Totals Assets	2,247,781	169,018	(24,731)	2,392,068	
(Less Depreciation)	<u>(873,572)</u>	150,418	(22,694)	<u>(1,001,296)</u>	
Net Assets	<u>\$ 1,374,209</u>			<u>\$ 1,390,772</u>	
Building Construction - In Progress				<u>\$ 619,569</u>	

4. **BONDS PAYABLE.** The Westhampton Free Library has obtained financing for the construction of their new library building from the Suffolk County Industrial Development Agency in the amount of \$7,827,820. The bonds will be repaid over a 20 year period with the final payment due on 06/15/2028. The rate of interest varies from 3.250% to 4.250%. The true interest cost of the bond is 3.995297%.

Principal payments are:	06/15/09	\$ 150,000
	06/15/10	280,000
	06/15/11	290,000
	06/15/12	300,000
	06/15/13	310,000
	2014-2028	<u>6,497,820</u>
		<u>\$ 7,827,820</u>

GIAQUINTO & COMPANY

C E R T I F I E D P U B L I C A C C O U N T A N T S

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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, 2008, and have issued our report thereon dated October 12, 2008. 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.

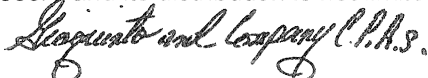
Compliance

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, 2008

**WESTHAMPTON FREE LIBRARY
SCHEDULE OF FINDINGS AND QUESTIONED COST
Year ended June 30, 2008**

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, 2008 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 Westhampton Free 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, 2008**

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, 2008

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

Management is in agreement with letter issued with the previous audit.

GIAQUINTO & COMPANY

C E R T I F I E D P U B L I C A C C O U N T A N T S

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**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, 2008. As part of the audit, we noted the following:

Because management did not prepare the June 30, 2008 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, 2008