

**WESTHAMPTON FREE LIBRARY
FINANCIAL STATEMENTS
JUNE 30, 2012**

WESTHAMPTON FREE LIBRARY
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June 30, 2012

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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

JOSEPH C. GIAQUINTO, C.P.A.
MARGARET A. 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, 2012, 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, 2012, 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 16, 2012, 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 16, 2012

**WESTHAMPTON FREE LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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, 2012 we had almost 12,591 patrons registered with library cards, while our door counters logged over 173,634 visits to our building during the prior 12 months. In addition over 30,189 residents attended programs at our library last year. We circulated over 226,448 items to our patrons, and have a collection of nearly 70,560 items. We provide traditional library services, as well as offering programs to both children, teens 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.

There is also a Friends of the Westhampton Free Library. The Friends are a separate 501(c) 3 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
Danielle R. Zubiller, 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, 2012**

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 comparisons are as follows:

	<u>06/30/12</u>	<u>06/30/11</u>	<u>Variances</u>
Cash and Other	\$ 2,540,548	\$ 2,380,511	\$ 160,037
Capital Assets, Net	8,643,495	8,792,247	(148,752)
Bonds Payable	6,807,820	7,107,820	(300,000)
Revenue	2,782,066	2,761,655	20,411
Expenses	2,622,029	3,280,694	(658,665)

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.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT DIFFERENCES:

There are no differences between the Government-Wide and the Fund Financial Statements. Fixed assets are recorded in both type of funds and there are no receivables or payables.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS:

Cash Balances will remain level since the building project is complete. Revenue and expenses are within budget. Overall financial position remains strong. The building project was completed in 2011.

ANALYSIS OF SIGNIFICANT CHANGES IN INDIVIDUAL FUNDS:

See page 11 for changes in fund balances.

ANALYSIS OF SIGNIFICANT BUDGET VARIANCES:

See pages 8, 9 and 10 for complete details. There were no significant variances to affect future services or liquidity.

ANALYSIS OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM LIABILITY:

See page 13 for details of fixed assets and bonds payable.

WESTHAMPTON FREE LIBRARY
STATEMENT OF NET ASSETS
June 30, 2012

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 2,540,548
Net Assets	<u>8,643,495</u>
TOTAL ASSETS	<u><u>11,184,043</u></u>
LIABILITIES	
Bond Payable	<u>6,807,820</u>
TOTAL LIABILITIES	6,807,820
NET ASSETS	
Invested In Capital Assets	1,835,675
Unrestricted	323,771
Restricted	<u>2,216,777</u>
TOTAL NET ASSETS	<u><u>\$ 4,376,223</u></u>

WESTHAMPTON FREE LIBRARY
STATEMENT OF ACTIVITIES
Year ended June 30, 2012

GOVERNMENTAL ACTIVITIES:

General Revenues

Tax revenue	\$2,036,229
Contract Districts	523,774
Grants	-
Interest	110,524
Library Incentive Aid	1,323
Donations	91,627
Charges For Services and other	18,589

2,782,066

Library Expenditures

(2,622,029)

Changes In Net Assets

160,037

Net Change - Fixed Asset Fund

151,248

Total Net Changes

311,285

Total Net Assets 06-30-2011

4,064,938

Total Net Assets 06-30-2012

\$4,376,223

**WESTHAMPTON FREE LIBRARY
BALANCE SHEET
June 30, 2012**

ASSETS

CURRENT

Cash - checking - Suffolk County National Bank	\$ 84,962
Petty cash	300
Certificate of Deposit - Suffolk County National Bank	1,972,113
Certificate of Deposit- Suffolk County National Bank	<u>483,173</u>
	2,540,548

FIXED ASSETS

Fixed Assets - Net of depreciation	<u>8,643,495</u>
	<u>8,643,495</u>
	<u><u>11,184,043</u></u>

LIABILITIES AND FUND BALANCES

Liabilities	
Bonds payable	6,807,820
Fund Balances	
General fund	323,771
Capital fund	1,750,586
Marketing fund	194,695
Technology fund	121,496
Program fund	50,000
Longterm Maintenance fund	100,000
Fixed asset fund	<u>1,835,675</u>
	<u>4,376,223</u>

TOTAL LIABILITIES AND FUND BALANCE \$ 11,184,043

**WESTHAMPTON FREE LIBRARY
STATEMENT OF REVENUE
Year ended June 30, 2012**

	<u>ACTUAL</u>	<u>BUDGET</u>
Tax revenue	\$ 1,449,299	\$ 1,449,299
Tax revenue - Bond	586,930	586,930
Contract districts	523,774	400,000
Copier revenue	6,364	6,000
Reserve Income - Interest	110,524	-
Library Incentive Aid	1,323	1,000
Donations - Friends	32,000	15,000
Donations - other	5,732	-
Donations - Marketing Fund	44,695	-
Donations - Building Fund	9,200	-
Lieu of Taxes	7,789	-
Fines	693	-
Material reimbursement	2,769	1,700
Miscellaneous revenue	974	8,000
	<u>2,782,066</u>	<u>2,467,929</u>

**WESTHAMPTON FREE LIBRARY
STATEMENT OF EXPENDITURES
Year ended June 30, 2012**

	<u>ACTUAL</u>	<u>BUDGET</u>
LIBRARY MATERIALS		
Books- printed	\$ 94,694	\$ 125,000
Books-electronic	18,994	14,000
Periodicals	9,762	10,000
Audio cassettes & CD's	28,793	22,000
Video	61,577	62,000
Programs	<u>81,732</u>	<u>92,000</u>
	\$ 295,552	\$ 325,000
PERSONNEL		
Salaries	1,023,863	993,816
Social security	75,814	76,026
Health insurance	124,941	140,000
Workmen's compensation	6,260	5,000
Unemployment/ MTA tax	8,671	7,268
Other Employee expenses	1,962	-
Pension expense	29,590	32,335
Membership dues	2,894	2,500
Conferences	8,730	8,000
Classes and other	857	2,750
Travel	10,151	6,000
Audit and legal	14,550	12,500
Payroll service	9,546	9,000
Disability	<u>857</u>	<u>1,750</u>
	1,318,686	1,296,945
BUILDING AND GROUNDS		
Janitor	45,825	42,966
Custodial supplies	4,660	5,000
Garbage	1,500	2,500
Landscaping	5,507	4,000
Insurance	23,162	24,000
Fuel	972	5,549
Electricity	30,818	35,438
Repairs	29,961	15,000
Furniture	-	-
Security	1,594	3,500
Water/Sewer	<u>1,083</u>	<u>500</u>
	145,082	138,453
SUB-TOTALS FORWARD	\$ 1,759,320	\$ 1,760,398

**WESTHAMPTON FREE LIBRARY
STATEMENT OF EXPENDITURES
Year ended June 30, 2012**

	<u>ACTUAL</u>		<u>BUDGET</u>	
Balance forward		1,759,320		1,760,398
OFFICE EXPENSES				
Bank charges	68		-	
Office supplies	8,697		13,500	
Book processing supplies	5,205		3,500	
Circulation supplies	2,678		2,700	
Equipment repairs	5,226		-	
Miscellaneous	6,974		7,000	
Office equipment	873		1,250	
Photocopier	19,628		17,000	
Media licenses	55		250	
Telephone	4,390		4,500	
Postage	8,783		10,000	
Publicity and printing	27,255		21,100	
Computer hardware	1,829		9,000	
Computer maintenance and software	33,090		57,250	
SCLS	17,974		17,800	
Support	760		2,500	
P.A.L.S.	27,082		14,750	
Telecommunications	<u>2,254</u>		<u>2,000</u>	
		172,821		184,100
DONATION EXPENSES				
Donation expenditures	<u>2,425</u>		<u>-</u>	
		2,425		-
NEW BUILDING EXPENSES				
Bond interest	286,930		286,930	
Bond Principal	<u>300,000</u>		<u>300,000</u>	
		586,930		586,930
RESERVE EXPENSES				
Tech Fund - Equipment and Web Site	54,532			
Capital Fund - equipment	<u>46,001</u>			
		<u>100,533</u>		<u>-</u>
		<u>\$ 2,622,029</u>		<u>\$ 2,531,428</u>

WESTHAMPTON FREE LIBRARY
STATEMENT OF CHANGES IN FUND BALANCE
Year Ended June 30, 2012

	GENERAL FUND	CAPITAL FUND	MARKETING FUND	TECHNOLOGY FUND	FIXED ASSET FUND	PROGRAM FUND	LONG TERM MAINTENANCE FUND
Fund Balances - July 1, 2011	\$ 578,320	\$ 1,651,863	\$ -	\$ 150,328	\$ 1,684,427	\$ -	\$ -
ADD:							
Revenue	2,782,066						
Investment income	(110,524)	110,524					
Grant	-						
Fixed asset additions/deletions					228,344		
Donations	(54,595)	9,200	44,695	700			
Adjustment	(350,000)	25,000	150,000	25,000		50,000	100,000
Transfers	2,845,267	1,796,587	194,695	176,028	1,912,771	50,000	100,000
DEDUCT:							
Expenditures	(2,622,029)						
Expenditures -	100,533	(46,001)		(54,532)			
Asset deletions							
Bond principal payment					300,000		
Transfer							
Depreciation - net					(377,096)		
Adjustment	(2,521,496)	(46,001)	-	(54,532)	(77,096)		
Fund Balances - June 30, 2012	\$ 323,771	\$ 1,750,586	\$ 194,695	\$ 121,496	\$ 1,835,675	\$ 50,000	\$ 100,000

**WESTHAMPTON FREE LIBRARY
STATEMENT OF CASH FLOWS
Year ended June 30, 2012**

SOURCE OF CASH

Revenues:	
General fund	\$ 2,616,947
Capital fund	119,724
Marketing fund	44,695
Technology fund	700
	<hr/>
	2,782,066
	<hr/>
Expenditures	
General fund	2,521,496
Capital fund	46,001
Technology fund	54,532
	<hr/>
	2,622,029
	<hr/>
Increase in cash flows	160,037
Cash balance July 1, 2011	\$ 2,380,511
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Cash balance June 30, 2012	\$ 2,540,548
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WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2012

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:

	07/01/11	Additions	Deletions	06/30/12	Expected life
Land	\$ 700,000	-	-	\$ 700,000	N/A
Building and Improvements	7,074,548	-	-	7,074,548	25-50 Years
Books, Cassettes and CD'S	1,436,027	193,826	-	1,629,853	5 Years
Furniture and Equipment	698,884	34,518	-	733,402	5-20 years
Totals Assets	9,909,459	228,344	-	10,137,803	
(Less Depreciation)	<u>(1,117,212)</u>	<u>(377,096)</u>		<u>(1,494,308)</u>	
Net Assets	<u>\$ 8,792,247</u>			<u>\$ 8,643,495</u>	

4. BONDS PAYABLE. The Westhampton Free Library obtained financing for the construction of their new library building from the Suffolk County Industrial Development Agency with a current balance of \$6,807,820. The remaining payments are scheduled below 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%. A payment of \$300,000 was made 06/15/12.

Principal payments are:	06/15/13	\$ 310,000
	06/15/14	320,000
	06/15/15	330,000
	06/15/16	350,000
	06/15/17	365,000
	2018-2028	5,132,820
		<u>\$ 6,807,820</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, 2012, and have issued our report thereon dated October 16, 2012. 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.

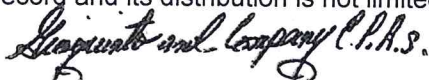
Compliance

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 16, 2012

**WESTHAMPTON FREE LIBRARY
SCHEDULE OF FINDINGS AND QUESTIONED COST
Year ended June 30, 2012**

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, 2012 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, 2012**

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, 2012**

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 Y

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

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

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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, 2012. As part of the audit, we noted the following:

Because management did not prepare the June 30, 2012 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. No other internal control deficiencies came to our attention.

Sincerely,



Giaquinto and Company C.P.A.'S

October 16, 2012