

**WESTHAMPTON FREE LIBRARY  
FINANCIAL STATEMENTS  
JUNE 30, 2013**

**WESTHAMPTON FREE LIBRARY**  
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**June 30, 2013**

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# GIAQUINTO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2013, 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, 2013, 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 15, 2013, 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." with a circular flourish at the end.

**Giaquinto and Company**  
**Certified Public Accountants**

October 15, 2013



**WESTHAMPTON FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

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, 2013 we had almost 13,147 patrons registered with library cards, while our door counters logged over 179,949 visits to our building during the prior 12 months. In addition over 45,416 residents attended programs at our library last year. We circulated over 224,159 items to our patrons, and have a collection of nearly 69,963 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**  
**(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, 2013**

**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>06/30/13</u>	<u>06/30/12</u>	<u>Variances</u>
Cash and Other	\$ 3,940,452	\$ 2,540,548	\$ 1,399,904
Capital Assets, Net	8,454,169	8,643,495	(189,326)
Bonds Payable	6,497,820	6,807,820	(310,000)
Revenue	4,036,885	2,782,066	1,254,819
Expenses	2,636,981	2,622,029	14,952

**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-TERN LIABILITY:**

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

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF NET ASSETS  
June 30, 2013**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 3,940,452
Net Assets	<u>8,454,169</u>
TOTAL ASSETS	<u><u>12,394,621</u></u>
LIABILITIES	
Bond Payable	<u>6,497,820</u>
TOTAL LIABILITIES	6,497,820
NET ASSETS	
Invested In Capital Assets	5,043,672
Unrestricted	379,062
Restricted	<u>474,067</u>
TOTAL NET ASSETS	<u><u>\$ 5,896,801</u></u>

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2013**

**GOVERNMENTAL ACTIVITIES:**

General Revenues

Tax revenue	\$2,056,019
Contract Districts	541,953
Grants	-
Interest	42,880
Library Incentive Aid	3,702
Donations	1,376,555
Charges For Services and other	15,776

4,036,885

Library Expenditures

(2,636,981)

**Changes In Net Assets**

1,399,904

**Net Change - Fixed Asset Fund**

120,674

**Total Net Changes**

1,520,578

**Total Net Assets 06-30-2012**

4,376,223

**Total Net Assets 06-30-2013**

\$5,896,801



**WESTHAMPTON FREE LIBRARY  
BALANCE SHEET  
June 30, 2013**

**ASSETS**

**CURRENT**

Cash - checking - Suffolk County National Bank	\$ 75,207
Petty cash	300
Certificate of Deposit - Suffolk County National Bank	1,307,711
Certificate of Deposit - Suffolk County National Bank	1,973,329
Certificate of Deposit- Suffolk County National Bank	<u>583,905</u>
	3,940,452

**FIXED ASSETS**

Fixed Assets - Net of depreciation	<u>8,454,169</u>
	<u>8,454,169</u>
	<u><u>12,394,621</u></u>

**LIABILITIES AND FUND BALANCES**

Liabilities	
Bonds payable	6,497,820
Fund Balances	
General fund	379,062
Capital fund	3,087,323
Marketing fund	203,528
Technology fund	110,569
Program fund	39,208
Payout fund	25,000
Longterm Maintenance fund	95,762
Fixed asset fund	<u>1,956,349</u>
	<u>5,896,801</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 12,394,621</u></u>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF REVENUE  
Year ended June 30, 2013**

	<u>ACTUAL</u>	<u>BUDGET</u>
Tax revenue	\$ 1,468,839	\$ 1,468,839
Tax revenue - Bond	587,180	587,180
Contract districts	541,953	470,000
Copier revenue	5,386	4,000
Reserve Income - Interest	42,880	-
Library Incentive Aid	3,702	1,000
Donations - Friends	15,000	16,000
Donations - Other	5,319	-
Donations - Program Fund	3,000	
Donations - Marketing Fund	45,000	-
Donations - Capital Fund	1,308,236	
Lieu of Taxes	8,277	5,900
Fines	781	-
Material reimbursement	31	1,700
Miscellaneous revenue	<u>1,301</u>	<u>8,000</u>
	<u><u>4,036,885</u></u>	<u><u>2,562,619</u></u>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF EXPENDITURES  
Year ended June 30, 2013**

	<u>ACTUAL</u>	<u>BUDGET</u>
<b>LIBRARY MATERIALS</b>		
Books- printed	\$ 89,802	\$ 93,000
Books-electronic	23,743	24,500
Periodicals	14,030	13,000
Audio cassettes & CD's	21,246	21,000
Video	56,116	59,000
Programs	<u>80,267</u>	<u>80,000</u>
	\$ 285,204	\$ 290,500
<b>PERSONNEL</b>		
Salaries	1,049,465	1,076,242
Social security	77,318	82,333
Health insurance	149,102	140,040
Workmen's compensation	4,022	6,700
Unemployment/ MTA tax	3,119	5,000
Other Employee expenses	1,280	780
Pension expense	32,256	41,013
Membership dues	2,338	2,750
Conferences	7,841	8,000
Classes and other	793	1,196
Travel	7,877	6,500
Audit and legal	14,850	15,000
Payroll service	11,193	10,000
Disability	<u>1,675</u>	<u>2,000</u>
	1,363,129	1,397,554
<b>BUILDING AND GROUNDS</b>		
Janitor	43,825	43,825
Custodial supplies	5,472	5,000
Garbage	1,585	1,900
Landscaping	4,677	4,250
Insurance	24,139	25,300
Fuel	1,355	4,500
Electricity	34,683	35,700
Repairs	26,155	18,500
Furniture		
Security	1,731	3,500
Water/Sewer	<u>1,909</u>	<u>600</u>
	<u>145,531</u>	<u>143,075</u>
<b>SUB-TOTALS FORWARD</b>	<b>\$ 1,793,864</b>	<b>\$ 1,831,129</b>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF EXPENDITURES  
Year ended June 30, 2013**

	<u>ACTUAL</u>		<u>BUDGET</u>	
Balance forward		\$ 1,793,864		1,831,129
<b>OFFICE EXPENSES</b>				
Bank charges	-		-	
Office supplies	10,275		10,000	
Book processing supplies	4,738		7,000	
Circulation supplies	1,394		2,000	
Equipment repairs	-			
Miscellaneous	3,136		2,000	
Office equipment	382		1,500	
Photocopier	22,610			
Media licenses	253		250	
Telephone	4,855		5,000	
Postage	8,658		10,500	
Publicity and printing	32,368		21,900	
Computer hardware	-		5,000	
Computer maintenance and software	6,619		23,000	
SCLS	20,402		17,800	
Support	4,650		5,400	
P.A.L.S.	17,008		14,750	
Telecommunications	2,291		2,750	
		139,639		128,850
<b>DONATION EXPENSES</b>				
Donation expenditures	1,745		-	
		1,745		-
<b>NEW BUILDING EXPENSES</b>				
Bond interest	277,180		277,180	
Bond Principal	310,000		310,000	
		587,180		587,180
<b>RESERVE EXPENSES</b>				
Capital Fund - Equipment	19,379			
Marketing Fund - Promotion	36,166			
Tech Fund - Equipment and Web Site	40,927			
Program Fund	13,843			
Maintenance Fund - Building Repair	4,238			
		114,553		-
		<u>\$ 2,636,981</u>		<u>\$ 2,547,159</u>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF CHANGES IN FUND BALANCE  
Year Ended June 30, 2013**

	GENERAL FUND	CAPITAL FUND	MARKETING FUND	TECHNOLOGY FUND	FIXED ASSET FUND	PAYOUT FUND	PROGRAM FUND	LONG TERM MAINTENANCE FUND
<b>Fund Balances - July 1, 2012</b>	\$ 323,771	\$ 1,750,586	\$ 194,695	\$ 121,496	\$ 1,835,675	\$ -	\$ 50,000	\$ 100,000
<b>ADD:</b>								
Revenue	4,036,885							
Investment income	(42,880)	42,880						
Grant	-							
Fixed asset additions		1,308,236			200,898		3,000	
Donations	(1,356,236)		45,000	-				
Adjustment	(60,000)	5,000		30,000		25,000		
Transfers	2,901,540	3,106,702	239,695	151,496	2,036,573	25,000	53,000	100,000
<b>DEDUCT:</b>								
Expenditures	(2,636,981)							
Expenditures - Reserve	114,503	(19,379)	(36,167)	(40,927)			(13,792)	(4,238)
Asset deletions					(2,631)			
Bond principal payment					310,000			
Transfer								
Depreciation - net					(387,593)			
Adjustment								
	(2,522,478)	(19,379)	(36,167)	(40,927)	(80,224)		(13,792)	(4,238)
<b>Fund Balances - June 30, 2013</b>	<b>\$ 379,062</b>	<b>\$ 3,087,323</b>	<b>\$ 203,528</b>	<b>\$ 110,569</b>	<b>\$ 1,956,349</b>	<b>\$ 25,000</b>	<b>\$ 39,208</b>	<b>\$ 95,762</b>



**WESTHAMPTON FREE LIBRARY  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2013**

**SOURCE OF CASH**

Revenues:	
General fund	\$ 2,680,649
Capital fund	1,308,236
Marketing fund	45,000
Program fund	3,000
	<u>4,036,885</u>
Expenditures	
General fund	2,522,478
Capital fund	19,379
Marketing fund	36,167
Technology fund	40,927
Payout fund	-
Program fund	13,792
Maintenance fund	4,238
	<u>2,636,981</u>
<b>Increase in cash flows</b>	<b>1,399,904</b>
<b>Cash balance July 1, 2012</b>	<b>\$ <u>2,540,548</u></b>
<b>Cash balance June 30, 2013</b>	<b>\$ <u><u>3,940,452</u></u></b>

**WESTHAMPTON FREE LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year ended June 30, 2013**

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:

	07/01/12	Additions	Deletions	06/30/13	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	1,629,853	181,193	-	1,811,046	5 Years
Furniture and Equipment	733,402	19,705	(14,609)	738,498	5-20 years
<b>Totals Assets</b>	10,137,803	200,898	(14,609)	10,324,092	
(Less Depreciation)	<u>(1,494,308)</u>	(387,593)	11,978	<u>(1,869,923)</u>	
<b>Net Assets</b>	<u>\$ 8,643,495</u>			<u>\$ 8,454,169</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 \$6,497,820. 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 \$310,000 was made 06/15/13.

Principal payments are:	06/15/14	320,000
	06/15/15	330,000
	06/15/16	350,000
	06/15/17	365,000
	06/15/18	385,000
	2019-2028	4,747,820
		<u>\$ 6,497,820</u>

# GIAQUINTO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2013, and have issued our report thereon dated October 15, 2013. 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.

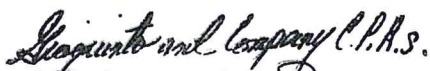
**Compliance**

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 15, 2013



**WESTHAMPTON FREE LIBRARY  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
Year ended June 30, 2013**

**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, 2013 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, 2013**

**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-N/A



**WESTHAMPTON FREE LIBRARY  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST  
Year Ended June 30, 2013**

**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-N/A