

**WESTHAMPTON FREE LIBRARY**

**FINANCIAL REPORT  
WITH  
ADDITIONAL INFORMATION**

**JUNE 30, 2021**

**WESTHAMPTON FREE LIBRARY**

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Westhampton Free Library as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **INDEPENDENT AUDITOR'S REPORT**

**(Continued)**

### **Opinions**

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 the Westhampton Free Library, as of June 30, 2021, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress for the retiree health plan on pages 5 through 9 and 22 through 24 be presented to supplement the basic financial statements. Such information, 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 12, 2021

## 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 three columns 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>2021</u>	<u>June 30,</u> <u>2020</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 2,543	\$ 2,531	\$ 12
Capital assets	<u>8,259</u>	<u>8,560</u>	<u>(301)</u>
Total Assets	<u>10,802</u>	<u>11,091</u>	<u>(289)</u>
Liabilities:			
Long-term debt	2,666	3,054	(388)
Other liabilities	<u>124</u>	<u>127</u>	<u>(3)</u>
Total Liabilities	<u>2,790</u>	<u>3,181</u>	<u>(391)</u>
Net Position:			
Net investment in capital assets	5,854	5,725	129
Unrestricted	<u>2,158</u>	<u>2,185</u>	<u>(27)</u>
Total Net Position	<u>\$ 8,012</u>	<u>\$ 7,910</u>	<u>\$ 102</u>
Revenue:			
Tax revenues	\$ 2,340	\$ 2,299	\$ 41
Contracts with other districts	832	831	1
Other revenue	<u>82</u>	<u>440</u>	<u>(358)</u>
Total Revenue	3,254	3,570	(316)
Expenses - Library services	<u>3,152</u>	<u>3,079</u>	<u>73</u>
Change in net position	102	491	(389)
Net position - beginning of year	<u>7,910</u>	<u>7,419</u>	<u>491</u>
Net Position- End Of Year	<u>\$ 8,012</u>	<u>\$ 7,910</u>	<u>\$ 102</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**The Library As A Whole**

- The Library's net position increased by \$102,027 this year. This was primarily due to the GASB 34 adjustments (see note 12) such as the capitalization of capital outlay and the reclassification of the principal portion of the bonds payable from the income statement to the balance sheet. Both of these items are currently expensed under the fund method of accounting but are either capitalized or reduce debt under the GASB 34 reporting model.
- The Library's primary source of revenue is from property taxes, which represents 72 percent of total revenue. This revenue totaled \$2,340,227 for the year ending June 30, 2021. In the prior year, tax revenues totaled \$2,298,913 and represented 64 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 63 percent of the Library's total expenses. These expenses totaled \$1,989,614 for the year ending June 30, 2021. In the prior year, salaries and benefits totaled \$1,801,652 and represented 59 percent of total expenses.

**The Library Funds:**

Our analysis of the Library's major funds are included in the three columns of pages 10 through 13 on the respective statements. The fund columns provide detailed information about the most significant funds – 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 two major funds, the General Fund and Capital Fund.

The fund balance of the General Fund increased during the year from \$2,059,253 to \$2,423,284. The fund balance of the Capital Fund decreased from \$349,417 to \$0. Statements detailing the revenues and expenditures for these funds are 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 a favorable variance in the contracts with other districts budget line of \$7,349. The Library budgets this number conservatively since 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.
- 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Budgetary Highlights: (Continued)**

- There was an unfavorable variance of \$36,851 for adult program income. Due to the COVID-19 pandemic, the Library conducted fewer programs than originally anticipated.
- The budget line for pension was overspent by \$16,066. The Library attributes this to having more full-time employees than anticipated and having higher payouts to long term employees.
- The budget line for books-electronic format was overspent by \$10,232. The Library attributes this to the fact that demand for materials in this format increased significantly during the COVID-19 pandemic.
- The budget lines for periodicals and audio materials were both underspent. During the pandemic, these materials were either not available to the public or demand significantly fell, therefore the Library reduced spending for these materials.
- The budget lines for adult programs, teen programs, as well as children's programs were all underspent. Due to the COVID-19 pandemic many of the planned programs were cancelled. The budget line for other programs appears to be overspent because many of these program costs which had been paid for are typically offset by sponsorship or other receipts which were not received as a result of the pandemic.
- The budget line for office and library supplies was overspent due to the reclassification of some purchases of minor furniture and equipment. These purchases were reclassified to supplies because they were not in excess of the Library's \$500 threshold to be considered capital expenses.
- The budget line for printing and publicity was underspent by \$15,894. Due to the pandemic and the Library's reduced hours, less was required to be spent on printing and publicity.
- The budget line for software was overspent by \$10,114. The Library spent more than anticipated on resources in order to provide for the community and to support staff during the pandemic.
- The budget line for conference and travel was significantly underspent because staff were unable to attend conferences during the pandemic.
- The budget line for building repairs and maintenance was underspent by \$6,409. The Library attributes this to requiring fewer services during the pandemic.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Capital Assets:**

During the fiscal year the Library purchased \$21,732 of fixed assets (capital outlay). The expenditures were for a variety of items such as the final payments due on attic reconstruction, telephone and computer equipment, furniture, etc. The Library also discarded obsolete equipment with the original cost of \$5,880.

**Debt Administration:**

Long term debt consisted of bonds payable 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, 2021, the Library made its annual principal payment of \$430,000. This reduced the bonds payable from \$2,835,000 at June 30, 2020 to \$2,405,000 at June 30, 2021. Interest, which is paid two times per year, totaled \$113,405. The liability for compensated absences at June 30, 2021 was \$261,001. This represents an increase of \$41,940 from the previous year.

**Currently Known Conditions:**

The Library budget vote for the 2021-2022 fiscal year was approved by the taxpayers. The anticipated tax revenues will be 2,368,767. This represents a 1.22% increase over the 2020-2021 fiscal year budget.

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2021**

	General Fund	Capital Fund	Total of Funds	Adjustments (Note 12)	Statement of Net Position
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,588,135	\$	\$ 1,588,135	\$	\$ 1,588,135
Tax revenue receivable	98,354		98,354		98,354
Contract district receivable	831,849		831,849		831,849
Payments in lieu of taxes receivable	11,111		11,111		11,111
Prepaid expenses	12,387		12,387		12,387
Deposits	1,500		1,500		1,500
Capital assets, net of depreciation				8,258,819	8,258,819
<b>Total Assets</b>	\$ 2,543,336	\$ 0	\$ 2,543,336	\$ 8,258,819	\$ 10,802,155
<b>Liabilities:</b>					
Accounts payable	\$ 47,256	\$	\$ 47,256	\$	\$ 47,256
Accrued payroll and related items	72,796		72,796		72,796
Accrued interest payable				3,980	3,980
Non-current liabilities:					
Compensated absences				261,001	261,001
Bonds payable				2,405,000	2,405,000
<b>Total Liabilities</b>	\$ 120,052	\$ 0	\$ 120,052	\$ 2,669,981	\$ 2,790,033

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

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2021**

	General Fund	Capital Fund	Total of Funds	Adjustments (Note 12)	Statement of Net Position
<b>Fund Balances/Net Position:</b>					
Nonspendable (prepaids and deposits)	\$ 13,887	\$	\$ 13,887	\$ (13,887)	
Committed for specific purposes	519,227	0	519,227	(519,227)	
Unassigned	<u>1,890,170</u>		<u>1,890,170</u>	<u>(1,890,170)</u>	
<b>Total Fund Balance</b>	<u>2,423,284</u>	<u>0</u>	<u>2,423,284</u>	<u>(2,423,284)</u>	
<b>Total Liabilities And Fund Balance</b>	<u>\$ 2,543,336</u>	<u>\$ 0</u>	<u>\$ 2,543,336</u>		
<b>Net Position:</b>					
Net investment in capital assets				5,853,819	5,853,819
Unrestricted				<u>2,158,303</u>	<u>2,158,303</u>
<b>Total Net Position</b>				<u>\$ 8,012,122</u>	<u>\$ 8,012,122</u>

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, 2021

	General Fund	Capital Fund	Total of Funds	Adjustments (Note 12)	Statement of Activities
<b>Revenues:</b>					
Tax revenues and related items	\$ 2,340,227	\$	\$ 2,340,227	\$	\$ 2,340,227
Contracts with other districts	831,849		831,849		831,849
Payments in lieu of taxes	11,111		11,111		11,111
State Aid and grants	2,232	12,795	15,027		15,027
Gifts and donations	25,912		25,912		25,912
Interest income	2,041		2,041		2,041
Copier income	2,165		2,165		2,165
Adult program income	19,149		19,149		19,149
Lost material reimbursement	1,154		1,154		1,154
Other income	4,939		4,939		4,939
<b>Total Revenues</b>	<b>\$ 3,240,779</b>	<b>\$ 12,795</b>	<b>\$ 3,253,574</b>	<b>\$ 0</b>	<b>\$ 3,253,574</b>

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, 2021

	General Fund	Capital Fund	Total of Funds	Adjustments (Note 12)	Statement of Activities
<b>Expenditures/Expenses For Library services:</b>					
Salaries and benefits	\$ 1,947,674	\$	\$ 1,947,674	\$ 41,940	\$ 1,989,614
Library materials and programs	311,038		311,038		311,038
Library operations	224,594		224,594		224,594
Building operations	190,517		190,517		190,517
Capital outlay	9,144	12,588	21,732	(21,732)	
Depreciation				323,060	323,060
Debt service:					
Principal	430,000		430,000	(430,000)	
Interest	113,405		113,405	(681)	112,724
<b>Total Expenditures/Expenses</b>	<b>3,226,372</b>	<b>12,588</b>	<b>3,238,960</b>	<b>(87,413)</b>	<b>3,151,547</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>14,407</b>	<b>207</b>	<b>14,614</b>	<b>87,413</b>	
<b>Other Financing Sources (Uses):</b>					
Transfer to Capital Projects fund	349,624	(349,624)	0	0	
<b>Excess (Deficiency) Of Revenues Over Expenditures and Other Financing Uses</b>	<b>364,031</b>	<b>(349,417)</b>	<b>14,614</b>	<b>(14,614)</b>	
<b>Change In Net Position</b>				<b>102,027</b>	<b>102,027</b>
Fund balance/net position - beginning of year	2,059,253	349,417	2,408,670	5,501,425	7,910,095
<b>Fund Balance/Net Position - End Of Year</b>	<b>\$ 2,423,284</b>	<b>\$ 0</b>	<b>\$ 2,423,284</b>	<b>\$ 5,588,838</b>	<b>\$ 8,012,122</b>

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

**WESTHAMPTON FREE LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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:

- A 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, 2021**

**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 funds:

**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.

**Capital Fund:** This fund is established to account for resources devoted to construction and renovation of the Library.

- 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, 2021**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. 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.

**E. 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.

**F. 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.



**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**G. 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 three banks. At year end, the Library's carrying amount of deposits was \$1,587,135 (excludes petty cash) and the bank balance was \$1,593,948. Of the bank balance, \$655,897 was covered by federal depository insurance. The remaining balance of \$938,051 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: Capital Assets**

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

	<b>Balance as of 7/1/2020</b>	<b>Additions</b>	<b>Adjustments &amp; Deletions</b>	<b>Balance as of 6/30/2021</b>
<b>Assets not being depreciated:</b>				
Land	\$ 700,000	\$ 0	\$ 0	\$ 700,000
Artwork	1,500	0	0	1,500
<b>Assets being depreciated:</b>				
Building and improvements	8,809,913	5,943	0	8,815,856
Computer equipment	164,876	9,144	(5,880)	168,140
Furniture and other equipment	827,201	6,645	0	833,846
Total	10,503,490	21,732	(5,880)	10,519,342
Accumulated depreciation	(1,943,343)	(323,060)	5,880	(2,260,523)
Net Book Value	<u>\$ 8,560,147</u>	<u>\$ (301,328)</u>	<u>\$ 0</u>	<u>\$ 8,258,819</u>

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5:      Accounts Payable**

Accounts payable consisted of unpaid invoices at June 30, 2021.

**NOTE 6:      Compensated Absences Payable**

The Library has an accumulated liability as of June 30, 2021 for unused sick and vacation pay amounting to \$261,001. No portion of this liability is expected to be paid within one year.

**NOTE 7:      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, 2021, the Library's liability for bonds payable is \$2,405,000. Future payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2022	\$ 445,000	\$ 96,850	\$ 541,850
2023	460,000	79,050	539,050
2024	480,000	60,650	540,650
2025	500,000	41,450	541,450
2026	520,000	21,450	541,450
Total	<u>\$ 2,405,000</u>	<u>\$ 299,450</u>	<u>\$ 2,704,450</u>

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8: Long Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2021 is as follows:

	<b>Balance</b>			<b>Non-current liabilities</b>		
	<b>7/1/2020</b>	<b>Increases</b>	<b>Reductions</b>	<b>6/30/2021</b>	<b>Due within one year</b>	<b>Due after one year</b>
Compensated absences \$	219,061	\$ 41,940	\$ 0	\$ 261,001	\$ 0	\$ 261,001
Bonds payable	2,835,000	0	430,000	2,405,000	445,000	1,960,000
Total	<u>\$ 3,054,061</u>	<u>\$ 41,940</u>	<u>\$ 430,000</u>	<u>\$ 2,666,001</u>	<u>\$ 445,000</u>	<u>\$ 2,221,001</u>

**NOTE 9: 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 7.5% 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, 2021 was \$73,833, for 2020 it was \$66,690 and for 2019 it was \$48,787.

**NOTE 10: Lease Commitment**

The Library leases several copiers under separate agreements. All of the leases expire within the next sixty months and range in cost from \$165 to \$840 per month. For the fiscal year ending June 30, 2021 the Library made lease payments of approximately \$14,436. The future minimum lease commitment is detailed as follows:

<b>Year Ending June 30,</b>	<b>Lease Commitment</b>
2022	\$ 20,521
2023	14,928
2024	12,743
2025	10,080
2026	<u>10,080</u>
Total	<u>\$ 68,352</u>

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 11: Funds Committed for Specific Purposes**

A summary of changes in assigned funds for the year ending June 30, 2021 are as follows:

	<b>Balance as of <u>7/1/2020</u></b>	<b>Funds Committed <u>(Uncommitted)</u></b>	<b>Funds Expensed</b>	<b>Balance as of <u>6/30/2021</u></b>
<b>Funds Committed For:</b>				
<b>General Fund:</b>				
Sick and Vacation payouts	\$ 125,615	\$ 0	\$ (6,397)	\$ 119,218
Programs	6,644	6,852	(13,496)	0
Professional development	34,688	0	(280)	34,408
Long-term maintenance	189,214	0	0	189,214
Budget stabilization	150,000	0	0	150,000
Capital Projects	0	26,387	0	26,387
<b>Capital Fund:</b>				
Attic Project	<u>349,417</u>	<u>(343,474)</u>	<u>(5,943)</u>	<u>0</u>
Total	<u>\$ 855,578</u>	<u>\$ (310,235)</u>	<u>\$ (26,116)</u>	<u>\$ 519,227</u>

**WESTHAMPTON FREE LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12: 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** \$ 2,423,284

Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds. 8,258,819
- Interest expense on the bond liability is not accrued in the funds (3,980)
- Compensated absences are included as a liability. (261,001)
- Bonds payable in future periods are not reported in the funds (2,405,000)

**Total Net Position - Full Accrual Basis** \$ 8,012,122

**Net Change in Fund Balance - Modified Accrual Basis** \$ 14,614

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 21,732
  - Depreciation expense (323,060)
- (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:
  - Compensated absences (41,940)
  - Interest on bonds payable 681
- Repayments of principal on bonds payable are not an expense in the statement of activities, rather a reduction of the liability 430,000

**Change in Net Position - Full Accrual Basis** \$ 102,027

**WESTHAMPTON FREE LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Tax Revenues and related items:</b>				
Westhampton Beach UFSD	\$ 2,340,227	\$ 2,340,227	\$ 2,340,227	\$ 0
<b>Operating Revenues:</b>				
Contracts with other districts	824,500	824,500	831,849	7,349
Payments in lieu of taxes	8,581	8,581	11,111	2,530
State Aid and grants	2,700	2,700	2,232	(468)
Gifts and donations	11,500	11,500	25,912	14,412
Interest income	4,500	4,500	2,041	(2,459)
Copier income	7,000	7,000	2,165	(4,835)
Adult program income	56,000	56,000	19,149	(36,851)
Lost material reimbursement	2,500	2,500	1,154	(1,346)
Fine income	0	0	274	274
Other income	0	0	4,665	4,665
<b>Total Operating Revenues</b>	<u>917,281</u>	<u>917,281</u>	<u>900,552</u>	<u>(16,729)</u>
<b>Non-Operating Revenue:</b>				
Transfer from unappropriated fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Revenues</b>	<u>\$ 3,257,508</u>	<u>\$ 3,257,508</u>	<u>\$ 3,240,779</u>	<u>\$ (16,729)</u>
<b>Expenditures:</b>				
<b>Salaries and Benefits:</b>				
Salaries	\$ 1,422,151	\$ 1,422,151	\$ 1,488,688	\$ (66,537)
Health insurance	242,000	242,000	251,733	(9,733)
Social Security	108,795	108,795	108,242	553
Pension	57,767	57,767	73,833	(16,066)
Workers' compensation insurance	13,750	13,750	14,040	(290)
Unemployment insurance	4,500	4,500	8,280	(3,780)
Disability insurance	2,000	2,000	2,008	(8)
Employee Assistance Program	900	900	850	50
<b>Total Salaries and Benefits</b>	<u>\$ 1,851,863</u>	<u>\$ 1,851,863</u>	<u>\$ 1,947,674</u>	<u>\$ (95,811)</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (Continued)</b>				
<b>Library Materials and Programs:</b>				
Books - print	\$ 67,500	\$ 67,500	\$ 61,503	\$ 5,997
Books - electronic format	79,000	79,000	89,232	(10,232)
Periodicals	12,000	12,000	123	11,877
Audio	18,000	18,000	8,409	9,591
Video	45,500	45,500	40,715	4,785
Programs - adult	88,000	88,000	46,609	41,391
Programs - children	53,750	53,750	32,498	21,252
Programs - teen	14,000	14,000	5,808	8,192
Programs - other (net of cash receipts of \$6,852)	7,500	7,500	26,141	(18,641)
<b>Total Library Materials and Programs</b>	<u>385,250</u>	<u>385,250</u>	<u>311,038</u>	<u>74,212</u>
<b>Library Operations:</b>				
SCLS basic service fee	22,000	22,000	21,094	906
Office and library supplies	24,750	24,750	32,227	(7,477)
PALS - automation	17,000	17,000	13,508	3,492
Photocopier rental, repair and maintenance	21,500	21,500	17,752	3,748
Printing and publicity	44,600	44,600	28,706	15,894
Postage	11,250	11,250	8,852	2,398
Professional fees - audit, legal and bond	18,000	18,000	16,991	1,009
Professional fees - payroll service	17,500	17,500	14,756	2,744
Professional fees - tech support	500	500	0	500
Professional fees - support and other	900	900	3,450	(2,550)
Flex Spending Account Fees	1,100	1,100	1,251	(151)
Software	9,500	9,500	19,614	(10,114)
Marketing and promotion	24,000	24,000	25,709	(1,709)
Telecommunications	9,750	9,750	8,165	1,585
Conferences and travel	26,000	26,000	1,021	24,979
Professional memberships	5,000	5,000	3,414	1,586
Administration classes	3,000	3,000	1,570	1,430
Professional development	0	0	280	(280)
Media licenses	500	500	1,001	(501)
Miscellaneous expense	3,750	3,750	5,233	(1,483)
<b>Total Library Operations</b>	<u>\$ 260,600</u>	<u>\$ 260,600</u>	<u>\$ 224,594</u>	<u>\$ 36,006</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (Continued)</b>				
<b>Building Operations:</b>				
Building repairs and maintenance	\$ 42,500	\$ 42,500	\$ 36,091	\$ 6,409
Janitorial services	58,140	58,140	58,140	0
Landscaping	8,000	8,000	8,330	(330)
Electricity	41,750	41,750	38,478	3,272
Insurance	39,000	39,000	34,527	4,473
Gas/fuel	5,500	5,500	4,188	1,312
Water and sewer	2,250	2,250	546	1,704
Security	2,750	2,750	1,692	1,058
Garbage removal	3,000	3,000	2,380	620
Custodial supplies	4,500	4,500	6,145	(1,645)
<b>Total Building Operations</b>	<u>207,390</u>	<u>207,390</u>	<u>190,517</u>	<u>16,873</u>
<b>Capital Outlay:</b>				
Furniture and equipment	<u>9,000</u>	<u>9,000</u>	<u>9,144</u>	<u>(144)</u>
<b>Total Capital Outlay</b>	<u>9,000</u>	<u>9,000</u>	<u>9,144</u>	<u>(144)</u>
<b>Debt Service:</b>				
Bond principal			430,000	
Bond interest			113,405	
<b>Total Debt Service</b>	<u>543,405</u>	<u>543,405</u>	<u>543,405</u>	<u>0</u>
<b>Total Expenditures</b>	<u>3,257,508</u>	<u>3,257,508</u>	<u>3,226,372</u>	<u>31,136</u>
<b>Excess Of Revenues Over Expenditures</b>	0	0	14,407	14,407
<b>Other Financing Sources (Uses):</b>				
Transfer from Capital Projects fund	<u>0</u>	<u>0</u>	<u>349,624</u>	<u>349,624</u>
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	0	0	364,031	364,031
Budgetary fund balance - beginning of year	<u>2,059,253</u>	<u>2,059,253</u>	<u>2,059,253</u>	<u>2,059,253</u>
<b>Budgetary Fund Balance - End Of Year</b>	<u>\$ 2,059,253</u>	<u>\$ 2,059,253</u>	<u>\$ 2,423,284</u>	<u>\$ 2,423,284</u>

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