

WESTHAMPTON FREE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2022

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

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Westhampton Free Library (the "Library") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Westhampton Free Library, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westhampton Free Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westhampton Free Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.


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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Westhampton Free Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westhampton Free Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Certified Public Accountants
Stewart Manor, New York
August 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

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

	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 2,475	\$ 2,543	\$ (68)
Right to use assets	57	49	8
Capital assets	<u>7,965</u>	<u>8,259</u>	<u>(294)</u>
Total Assets	<u>10,497</u>	<u>10,851</u>	<u>(354)</u>
Liabilities:			
Long-term debt	2,345	2,715	(370)
Other liabilities	<u>67</u>	<u>124</u>	<u>(57)</u>
Total Liabilities	<u>2,412</u>	<u>2,839</u>	<u>(427)</u>
Net Position:			
Net investment in capital assets	6,005	5,854	151
Restricted	21	0	21
Unrestricted	<u>2,059</u>	<u>2,158</u>	<u>(99)</u>
Total Net Position	<u>\$ 8,085</u>	<u>\$ 8,012</u>	<u>\$ 73</u>
Revenue:			
Tax revenues	\$ 2,369	\$ 2,340	\$ 29
Contracts with other districts	852	832	20
Other revenue	<u>118</u>	<u>82</u>	<u>36</u>
Total Revenue	3,339	3,254	85
Expenses - Library services	<u>3,266</u>	<u>3,152</u>	<u>114</u>
Change in net position	73	102	(29)
Net position - beginning of year	<u>8,012</u>	<u>7,910</u>	<u>102</u>
Net Position- End Of Year	<u>\$ 8,085</u>	<u>\$ 8,012</u>	<u>\$ 73</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position increased by \$72,928 this year. This was primarily the result of GASB 34 adjustments such as the capitalization of capital outlay and the reclassification of the principal portion of the bonds payable and the lease liability from the statement of activities to the statement of net position. All of these items are expensed under the fund method of accounting but are either capitalized or not expensed under the GASB 34 reporting model.
- The Library's primary source of revenue is from property taxes, which represents 71 percent of total revenue. This revenue totaled \$2,368,767 for the year ending June 30, 2022. In the prior year, tax revenues totaled \$2,340,227 and represented 72 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 64 percent of the Library's total expenses. These expenses totaled \$2,089,507 for the year ending June 30, 2022. In the prior year, salaries and benefits totaled \$1,989,614 and represented 63 percent of total expenses.

The Library Funds:

Our analysis of the Library's major fund is included in the first column of pages 10 through 12 on the respective statements. The fund column provides detailed information about the most significant fund – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently, the Library has only one major fund, the General Fund.

The fund balance of the General Fund decreased during the year from \$2,423,284 to \$2,411,378. Statements detailing the revenues and expenditures for this fund is included in this report.

Budgetary Highlights:

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

- The Library had a favorable variance in the contracts with other districts budget line of \$21,269. 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.
- The Library received more payments in lieu of taxes than anticipated due to funds received for the Gabreski Airport.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- 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.
- There was an unfavorable variance of \$12,857 for adult program income. Due to the COVID-19 pandemic, the Library conducted fewer programs than originally anticipated.
- The favorable variance in the budget line for other income was due to collecting more money for the Café as well as passport and notary services than anticipated.
- The budget line for pension was overspent by \$11,194. 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 \$12,843. The Library attributes this to the combination of higher costs and the fact that demand for materials in this format increased significantly.
- The budget line for audio materials was underspent. This was due to decreasing circulation and lower demand for these materials.
- The budget lines for adult programs and children's programs were both underspent. Due to the pandemic restrictions, there were fewer programs taking place. In addition, food was not provided for any of the adult programs.
- The favorable variance in the budget line for photocopier rental, repair and maintenance is directly related to the unfavorable variance in the debt service budget section. Due to the issuance of Governmental Accounting Standard No. 87, the Library was required reclassify its obligation for copier leases to long-term debt. As a result, the monthly lease payments were required to be classified as principal and interest payments within the debt service budget section.
- The budget line for printing and publicity was overspent by \$19,050. The Library attributes this to increased paper costs and additional newsletters that were sent.
- The budget line for professional fees – audit, legal and bond was overspent by \$12,332. Due to negotiations related to the new staff contract, more legal fees were required than anticipated.
- The budget line for software was overspent by \$13,666. The Library spent more than anticipated on resources in order to provide for the community and to support staff.
- The budget line for conference and travel was significantly underspent because staff were unable to attend conferences during the pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The budget line for miscellaneous expenses was overspent due to various passport, café and notary expenses as well as other unanticipated fees.
- The budget line for building repairs and maintenance was overspent due to critical repairs that were required to the building and aging systems.
- The budget line for furniture and equipment was overspent by \$19,365. During the year the Library was required to replace aging equipment that was necessary to better serve the community.
- The budget line for right to use assets- copier lease appears to be overspent. Due to the issuance of Governmental Accounting Standard No. 87, the Library was required to record as an expense the present value of its future minimum lease payments on its new copier lease. This unfavorable variance is offset by the lease proceeds recorded in the other financing sources section of this report.

Capital Assets:

During the fiscal year the Library purchased \$24,615 of fixed assets (capital outlay). The expenditures were for a variety of items such as artwork, a building entry access system, telephone equipment, a snowblower, etc. The Library also discarded obsolete furniture and equipment with the original cost of \$42,433.

Debt Administration:

Long term debt consisted of bonds payable, its lease liability and the debt that the Library had to its employees for unused sick and vacation time (compensated absences). During the fiscal year ending June 30, 2022, the Library made its annual principal payment of \$445,000. This reduced the bonds payable from \$2,405,000 at June 30, 2021 to \$1,960,000 at June 30, 2022. Interest, which is paid two times per year, totaled \$96,850. The Library also made principal payments of \$10,509 on its lease liability reducing the debt at June 30, 2022 to \$57,447. The liability for compensated absences at June 30, 2022 was \$327,532. This represents an increase of \$66,531 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2022-2023 fiscal year was approved by the taxpayers. The anticipated tax revenues will be 2,472,358. This represents a 4.37% increase over the 2021-2022 fiscal year budget.

**WESTHAMPTON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022**

	<u>General Fund</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 1,464,036	\$	\$ 1,464,036
Tax revenue receivable	98,904		98,904
Contract district receivable	853,569		853,569
Payments in lieu of taxes receivable	17,022		17,022
Other receivables	2,202		2,202
Prepaid expenses	37,479		37,479
Deposits	1,500		1,500
Right to use lease assets, net of amortization		57,447	57,447
Capital assets, net of depreciation		7,964,453	7,964,453
Total Assets	<u>\$ 2,474,712</u>	<u>\$ 8,021,900</u>	<u>\$ 10,496,612</u>
Liabilities:			
Accounts payable	\$ 50,403	\$	\$ 50,403
Accrued payroll and related items	12,931		12,931
Accrued interest payable		3,249	3,249
Non-current liabilities:			
Lease liability		57,447	57,447
Compensated absences		327,532	327,532
Bonds payable		1,960,000	1,960,000
Total Liabilities	<u>\$ 63,334</u>	<u>\$ 2,348,228</u>	<u>\$ 2,411,562</u>
Fund Balances/Net Position:			
Nonspendable (prepaids and deposits)	\$ 38,979	\$ (38,979)	
Restricted for Gazebo Concert Series	21,433	(21,433)	
Committed for specific purposes	509,906	(509,906)	
Unassigned	1,841,060	(1,841,060)	
Total Fund Balance	<u>2,411,378</u>	<u>(2,411,378)</u>	
Total Liabilities And Fund Balance	<u>\$ 2,474,712</u>	\$	
Net Position:			
Net investment in capital assets		6,004,453	6,004,453
Restricted for Gazebo Concert Series		21,433	21,433
Unrestricted		2,059,164	2,059,164
Total Net Position		<u>8,085,050</u>	<u>\$ 8,085,050</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, 2022**

	<u>General Fund</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Activities</u>
Revenues:			
Tax revenues and related items	\$ 2,368,767	\$	\$ 2,368,767
Contracts with other districts	852,269		852,269
Payments in lieu of taxes	17,436		17,436
State Aid and grants	1,731		1,731
Gifts and donations	40,813		40,813
Interest income	1,325		1,325
Copier income	3,865		3,865
Adult program income	43,143		43,143
Lost material reimbursement	1,213		1,213
Other income	8,867		8,867
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 3,339,429	\$ 0	\$ 3,339,429

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, 2022

	<u>General Fund</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Activities</u>
Expenditures/Expenses For Library services:			
Salaries and benefits	\$ 2,022,976	\$ 66,531	\$ 2,089,507
Library materials and programs	281,578		281,578
Library operations	248,489		248,489
Building operations	220,760		220,760
Capital outlay	43,517	(43,517)	
Depreciation		318,981	318,981
Amortization		10,509	10,509
Debt service:			
Principal - bond	445,000	(445,000)	
Interest - bond	96,850	(731)	96,119
Principal - copier leases	10,509	(10,509)	
Interest - copier leases	558		558
	<u>3,370,237</u>	<u>(103,736)</u>	<u>3,266,501</u>
Total Expenditures/Expenses			
Excess (Deficiency) of Revenues over Expenditures	(30,808)	103,736	
Other Financing Sources (Uses):			
Lease proceeds	<u>18,902</u>	(18,902)	
Excess (Deficiency) Of Revenues Over Expenditures and Other Financing Uses	(11,906)	<u>11,906</u>	
Change In Net Position		72,928	72,928
Fund balance/net position - beginning of year	<u>2,423,284</u>	<u>5,588,838</u>	<u>8,012,122</u>
Fund Balance/Net Position - End Of Year	<u>\$ 2,411,378</u>	<u>\$ 5,673,672</u>	<u>\$ 8,085,050</u>

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

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

The Library reports on the following fund:

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

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

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

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

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

NOTE 2: **Concentration of Credit Risk**

The Library maintains its cash balances at three banks. At year end, the Library's carrying amount of deposits was \$1,463,036 (excludes petty cash) and the bank balance was \$1,468,854. Of the bank balance, \$604,035 was covered by federal depository insurance. The remaining balance of \$864,819 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.

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4: Right to Use Leased Assets

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

The following is a summary of the right to use asset activity for the year ended June 30, 2022:

	Balance as of 7/1/2021	Increases	Decreases	Balance as of 6/30/2022
Right to use assets:				
Leased copier equipment	\$ 49,054	\$ 18,902	\$ 0	\$ 67,956
Less accumulated amortization for:				
Leased copier equipment	0	(10,509)	0	(10,509)
Right to use assets, net	<u>\$ 49,054</u>	<u>\$ 8,393</u>	<u>\$ 0</u>	<u>\$ 57,447</u>

NOTE 5: Capital Assets

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

	Balance as of 7/1/2021	Additions	Deletions	Balance as of 6/30/2022
Assets not being depreciated:				
Land	\$ 700,000	\$ 0	\$ 0	\$ 700,000
Artwork	1,500	5,400	0	6,900
Assets being depreciated:				
Building and improvements	8,815,855	0	0	8,815,855
Computer equipment	162,280	0	(4,097)	158,183
Furniture and other equipment	853,517	19,215	(38,336)	834,396
Total	10,533,152	24,615	(42,433)	10,515,334
Accumulated depreciation	<u>(2,274,333)</u>	<u>(318,981)</u>	<u>42,433</u>	<u>(2,550,881)</u>
Net Book Value	<u>\$ 8,258,819</u>	<u>\$ (294,366)</u>	<u>\$ 0</u>	<u>\$ 7,964,453</u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2022.

NOTE 7: Lease Liability

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

The first agreement was executed on June 28, 2021 and requires 60 monthly payments of \$840. The lease liability is measured at a discount rate of 1.07%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$39,452 at June 30, 2022.

The second agreement was executed on March 22, 2022 and requires 60 monthly payments of \$329. The lease liability is measured at a discount rate of 1.72%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$17,995 at June 30, 2022.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2022, are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u> <u>Payments</u>
2023	\$ 13,372	\$ 656	\$ 14,028
2024	13,541	487	14,028
2025	13,711	317	14,028
2026	13,883	145	14,028
2027	2,940	21	2,961
Total	<u>\$ 57,447</u>	<u>\$ 1,626</u>	<u>\$ 59,073</u>

NOTE 8: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2022 for unused sick and vacation pay amounting to \$327,532. No portion of this liability is expected to be paid within one year.

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9: Bonds Payable

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

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

As of June 30, 2022, the Library's liability for bonds payable is \$1,960,000. Future payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 460,000	\$ 79,050	\$ 539,050
2024	480,000	60,650	540,650
2025	500,000	41,450	541,450
2026	<u>520,000</u>	<u>21,450</u>	<u>541,450</u>
Total	<u>\$ 1,960,000</u>	<u>\$ 202,600</u>	<u>\$ 2,162,600</u>

NOTE 10: Long Term Debt

A summary of changes in long-term debt for the year ended June 30, 2022 is as follows:

	<u>Balance 7/1/2021</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance 6/30/2022</u>	<u>Due within one year</u>	<u>Due after one year</u>
Compensated absences \$	261,001	\$ 66,531	\$ 0	\$ 327,532	\$ 0	\$ 327,532
Lease liability	49,054	18,902	10,509	57,447	13,372	44,075
Bonds payable	<u>2,405,000</u>	<u>0</u>	<u>445,000</u>	<u>1,960,000</u>	<u>460,000</u>	<u>1,500,000</u>
Total	<u>\$ 2,715,055</u>	<u>\$ 85,433</u>	<u>\$ 455,509</u>	<u>\$ 2,344,979</u>	<u>\$ 473,372</u>	<u>\$ 1,871,607</u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11: Retirement Plan

The Library maintains a 403(b) defined contribution retirement plan for its eligible employees. In order to qualify, employees must complete the required enrollment forms, be a minimum of 21 years of age, have completed three months of service and be regularly scheduled to work 35 or more hours per week. If an employee satisfies these requirements, the Library will contribute 5% of each participant's annual salary, 5.5% of the management staff annual salary and 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, 2022 was \$80,489, for 2021 it was \$73,833 and for 2020 it was \$66,690.

NOTE 12: Change in Accounting Principle

Effective July 1, 2021, the Library adopted GASB No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use asset, thereby enhancing the relevance and consistency of information about its leasing activities. The Library retroactively adjusted its opening balances to record the liability and the right to use asset. However, there was no effect on the balance of the Library's opening net position.

NOTE 13: Funds Committed for Specific Purposes

A summary of changes in assigned funds for the year ending June 30, 2022 are as follows:

	Balance as of 7/1/2021	Funds Committed (Uncommitted)	Funds Expensed	Balance as of 6/30/2022
Funds Committed For:				
Sick and Vacation payouts	\$ 119,218	\$ 40,000	\$ (21,297)	\$ 137,921
Programs	0	29,769	(29,769)	0
Professional development	34,408	0	(1,637)	32,771
Long-term maintenance	189,214	0	0	189,214
Budget stabilization	150,000	0	0	150,000
Capital Projects	26,387	(26,387)	0	0
Total	<u>\$ 519,227</u>	<u>\$ 43,382</u>	<u>\$ (52,703)</u>	<u>\$ 509,906</u>

WESTHAMPTON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14: 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	\$ 2,411,378
Amounts reported in the statement of net position are different because:	
• Capital assets are not financial resources, and are not reported in the funds.	7,964,453
• Right to use assets are not financial resources, and are not reported in the funds	57,447
• Interest expense on the bond liability is not accrued in the funds	(3,249)
• Lease liability payments due in future periods are not reported in the funds	(57,447)
• Compensated absences are included as a liability in the funds	(327,532)
• Bonds payable in future periods are not reported in the funds	<u>(1,960,000)</u>
Total Net Position - Full Accrual Basis	<u>\$ 8,085,050</u>
Net Change in Fund Balance - Modified Accrual Basis	\$ (11,906)
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	24,615
Depreciation expense	(318,981)
Amortization expense	(10,509)
• (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:	
Compensated absences	(66,531)
Interest on bonds payable	731
• Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability:	
Principal paid on bond payable	445,000
Principal paid on lease liability	<u>10,509</u>
Change in Net Position - Full Accrual Basis	<u>\$ 72,928</u>

WESTHAMPTON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Revenues and related items:				
Westhampton Beach UFSD	\$ 2,368,767	\$ 2,368,767	\$ 2,368,767	\$ 0
Operating Revenues:				
Contracts with other districts	831,000	831,000	852,269	21,269
Payments in lieu of taxes	10,000	10,000	17,436	7,436
State Aid and grants	2,700	2,700	1,731	(969)
Gifts and donations	11,500	11,500	40,813	29,313
Interest income	4,500	4,500	1,325	(3,175)
Copier income	6,750	6,750	3,865	(2,885)
Adult program income	56,000	56,000	43,143	(12,857)
Lost material reimbursement	2,500	2,500	1,213	(1,287)
Fine income	0	0	272	272
Other income	0	0	8,595	8,595
Total Operating Revenues	<u>924,950</u>	<u>924,950</u>	<u>970,662</u>	<u>45,712</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 3,293,717</u>	<u>\$ 3,293,717</u>	<u>\$ 3,339,429</u>	<u>\$ 45,712</u>
Expenditures:				
Salaries and Benefits:				
Salaries	\$ 1,539,890	\$ 1,539,890	\$ 1,536,201	\$ 3,689
Health insurance	255,000	255,000	270,826	(15,826)
Social Security	117,802	117,802	112,129	5,673
Pension	69,295	69,295	80,489	(11,194)
Workers' compensation insurance	12,250	12,250	12,105	145
Unemployment insurance	6,000	6,000	9,023	(3,023)
Disability insurance	2,000	2,000	1,353	647
Employee Assistance Program	900	900	850	50
Total Salaries and Benefits	<u>\$ 2,003,137</u>	<u>\$ 2,003,137</u>	<u>\$ 2,022,976</u>	<u>\$ (19,839)</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Library Materials and Programs:				
Books - print	\$ 50,000	\$ 50,000	\$ 45,830	\$ 4,170
Books - electronic format	80,000	80,000	92,843	(12,843)
Periodicals	9,000	9,000	9,138	(138)
Audio	14,000	14,000	8,171	5,829
Video	30,000	30,000	26,440	3,560
Programs - adult	70,000	70,000	58,673	11,327
Programs - children	36,000	36,000	24,425	11,575
Programs - teen	7,000	7,000	7,270	(270)
Programs - other (net cash receipts of \$29,835)	5,500	5,500	8,788	(3,288)
Total Library Materials and Programs	<u>301,500</u>	<u>301,500</u>	<u>281,578</u>	<u>19,922</u>
Library Operations:				
SCLS basic service fee	22,000	22,000	21,799	201
Office and library supplies	23,000	23,000	19,527	3,473
PALS - automation	16,500	16,500	13,481	3,019
Photocopier rental, repair and maintenance	21,750	21,750	2,307	19,443
Printing and publicity	30,000	30,000	49,050	(19,050)
Postage	11,230	11,230	8,824	2,406
Professional fees - audit, legal and bond	14,000	14,000	26,332	(12,332)
Professional fees - payroll service	15,250	15,250	17,278	(2,028)
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	1,338	(238)
Software	9,750	9,750	23,416	(13,666)
Marketing and promotion	24,000	24,000	23,312	688
Telecommunications	10,000	10,000	11,395	(1,395)
Conferences and travel	20,000	20,000	7,122	12,878
Professional memberships	4,000	4,000	4,779	(779)
Administration classes	3,000	3,000	2,852	148
Professional development	0	0	1,638	(1,638)
Media licenses	500	500	403	97
Miscellaneous expense	3,750	3,750	10,186	(6,436)
Total Library Operations	<u>\$ 231,230</u>	<u>\$ 231,230</u>	<u>\$ 248,489</u>	<u>\$ (17,259)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Building Operations:				
Building repairs and maintenance	\$ 42,000	\$ 42,000	\$ 59,099	\$ (17,099)
Janitorial services	60,000	60,000	63,850	(3,850)
Landscaping	8,150	8,150	8,058	92
Electricity	42,500	42,500	40,391	2,109
Insurance	40,000	40,000	35,054	4,946
Gas/fuel	5,500	5,500	6,290	(790)
Water and sewer	2,300	2,300	1,623	677
Security	2,800	2,800	1,537	1,263
Garbage removal	3,000	3,000	2,332	668
Custodial supplies	4,500	4,500	2,526	1,974
Total Building Operations	<u>210,750</u>	<u>210,750</u>	<u>220,760</u>	<u>(10,010)</u>
Capital Outlay:				
Furniture and equipment	5,250	5,250	24,615	(19,365)
Right to use assets- copier lease	0	0	18,902	(18,902)
Total Capital Outlay	<u>5,250</u>	<u>5,250</u>	<u>43,517</u>	<u>(38,267)</u>
Debt Service:				
Principal - bond			445,000	
Interest - bond			96,850	
Principal - copier leases			10,509	
Interest - copier leases			558	
Total Debt Service	<u>541,850</u>	<u>541,850</u>	<u>552,917</u>	<u>(11,067)</u>
Total Expenditures	<u>3,293,717</u>	<u>3,293,717</u>	<u>3,370,237</u>	<u>(76,520)</u>
Excess Of Expenditures Over Revenues	0	0	(30,808)	(30,808)
Other Financing Sources (Uses):				
Lease proceeds	0	0	18,902	18,902
Excess Of Expenditures Over Revenues And Other Financing Sources	0	0	(11,906)	(11,906)
Budgetary fund balance - beginning of year	<u>2,423,284</u>	<u>2,423,284</u>	<u>2,423,284</u>	<u>2,423,284</u>
Budgetary Fund Balance - End Of Year	<u>\$ 2,423,284</u>	<u>\$ 2,423,284</u>	<u>\$ 2,411,378</u>	<u>\$ 2,411,378</u>

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