

**AUDITED  
FINANCIAL STATEMENTS**

**LEE-WHEDON MEMORIAL LIBRARY**

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**JUNE 30, 2020**

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**LEE WHEDON MEMORIAL LIBRARY  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the  
Lee-Whedon Memorial Library  
Medina, New York 14103

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lee-Whedon Memorial Library (the Library), as of and for the year ended June 30, 2020, 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 Library'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 unmodified and adverse audit opinions.

***Summary of Opinions***

Opinion Unit	Type of Opinion
Governmental Activities	Adverse
Governmental Fund – General Fund	Unmodified

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 1 to the financial statements, management has not recorded capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets and net position and expenses of the governmental activities. The amounts by which this departure would affect the assets, net position and expenses of the governmental activities has not been determined. In addition, management has not recorded compensated absences liability in governmental activities which would increase the liabilities and decrease the net position of the governmental activities.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities of the Library, as of June 30, 2020, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Library, as of June 30, 2020, 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 required supplementary information, as listed in the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement basic financial statements. Such missing 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 the appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
January 11, 2021

**LEE-WHEDON MEMORIAL LIBRARY  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2020**

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	<u>Governmental Activities/ General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 564,966
Certificates of deposits	185,630
Total assets	<u>750,596</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 4,988
Accrued liabilities	23,559
Total liabilities	<u>28,547</u>
<b>NET POSITION/ FUND BALANCE</b>	
Net position/ fund balance:	
Appropriated/ assigned	7,847
Unrestricted/ unassigned	714,202
Total net position/ fund balance	<u>\$ 722,049</u>

**LEE-WHEDON MEMORIAL LIBRARY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

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	<b>Governmental Activities/ General Fund</b>
<b>Revenues:</b>	
Property taxes	\$ 546,264
PILOT	19,761
Departmental income	4,085
Intergovernmental charges	2,664
Interest and earnings	4,301
Grants	14,794
Sale of equipment	658
Miscellaneous local sources	20,037
State aid	<u>23,328</u>
Total revenues	635,892
<b>Expenditures/expenses:</b>	
Personal services	319,283
Equipment and capital outlay	35,967
Contractual expenditures	162,446
Employee benefits	<u>125,350</u>
Total expenditures/expenses	<u>643,046</u>
<b>Deficiency of revenues over expenditures/expenses and changes in net position/fund balance</b>	<b>(7,154)</b>
<b>Net position/fund balance - beginning of year</b>	<u>729,203</u>
<b>Net position/fund balance - ending</b>	<b>\$ <u><u>722,049</u></u></b>



**LEE-WHEDON MEMORIAL LIBRARY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Lee-Whedon Memorial Library (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

**A. NATURE OF ORGANIZATION**

Lee-Whedon Memorial Library (the Library) is a Public Library that exists by virtue of a provisional Charter granted to it by the Board of Regents for and on behalf of the Education Department of the State of New York on June 29, 1956. The Library was granted Absolute Charter Number 8127 on April 27, 1962, amended July 28, 2009. The Library shall be governed by its Board of Trustees, exercising the full and independent authority delegated to it under the Charter and the Laws of the State of New York. The Library shall serve the residents of the Medina Central School District.

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within one-year after the end of the fiscal year with the exception of property taxes, which the period of availability is sixty days.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, postemployment benefits other than pensions and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, premium on debt issued and acquisitions under capital leases are reported as other financing sources.

**C. CASH AND CASH EQUIVALENTS**

The Library's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

**D. NET POSITION FLOW ASSUMPTION**

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**LEE-WHEDON MEMORIAL LIBRARY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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It is the Library's policy that the Library will assess the current financial condition of the Library and then determine the order of application of expenditures to which restricted and unrestricted net position will be applied.

**E. FUND BALANCE FLOW ASSUMPTIONS**

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Library's policy that the Library will assess the current financial condition of the Library and then determines the order of application of expenditures to which fund balance classifications will be charged.

**F. FUND BALANCE POLICIES**

Fund balance of the Library's funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Library's highest level of decision-making authority. The Library Board of Trustees is the highest level of decision-making authority for the Library that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**G. INCOME TAXES**

The Library is a public corporation chartered as a public library by New York State Board of Regents whose revenue is derived primarily from property taxes, trust income and also from other fund-raising activities and is exempt from federal or state income taxes under Section 501 (a) of the Internal Revenue Code.

**H. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**I. REVENUES AND EXPENDITURES/EXPENSES**

**1. PROPERTY TAXES/PAYMENTS IN LIEU OF TAXES (PILOT)**

The Library received income from property tax revenue that is collected by the Medina Central School District and remitted to the Library, in total annually. The Library received \$546,264 for the year ending June 30, 2020.

The Library also received income from payment in lieu of tax (PILOT) agreements, which are currently distributed from Medina Central School District (District). The Library received \$19,761 for the year ending June 30, 2020.

**LEE-WHEDON MEMORIAL LIBRARY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**J. ACCOUNTING PRONOUNCEMENTS**

During the fiscal year ended June 30, 2020, the Library has evaluated the provisions Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, and Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, and determined that they have no significant impact on the Library's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Library, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2023.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending June 30, 2022.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2023.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending June 30, 2023.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending June 30, 2023.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending June 30, 2024.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending June 30, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending June 30, 2022.

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the Library have been updated above to reflect the impact of this Statement.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**LEGAL COMPLIANCE**

The Library's administration prepares a proposed budget for approval by the Board for the general fund. The proposed appropriation budget is then approved by the voters within the Medina Central School District. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Library as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Library approves them because of a need that exists which was not determined at the same time the budget was adopted

- The Library holds a public board meeting in April to review and approve the budget for the upcoming year. The Library Director submits the proposed budget to the Library's Board of Trustees. After review, and discussion for any changes, the budget is approved.
- All modifications of the budget must be approved by the Board of Trustees and all appropriations lapse at fiscal year-end, if not encumbered.

**LEE-WHEDON MEMORIAL LIBRARY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The Library's investment policies are governed by State statutes. In addition, the Library has its own written investment policy. The Library's funds must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Library's aggregate bank balances were fully FDIC insured at June 30, 2020.

Investment and Deposit Policy

The Library follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Library Director.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Library's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Library's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Library's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Library's investment and deposit policy, all deposits of the Library including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Library restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

**B. NET POSITION AND FUND BALANCE**

NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as unrestricted.

**LEE-WHEDON MEMORIAL LIBRARY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**FUND BALANCE**

In the governmental fund financial statements there are five classifications of fund balance:

*Nonspendable* – represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. As of June 30, 2020, the Library had no nonspendable fund balances.

*Restricted* – represents amounts with constraints placed on the use of resources and are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2020, the Library had no restricted fund balances.

*Committed* – represents amounts that are subject to a purpose constraint imposed by a formal action of the Library's highest level of decision-making authority. As of June 30, 2020, the Library had no committed fund balances.

*Assigned* – represents amounts that are constrained by the Library's intent to be used for the specified purposes noted below, but are neither restricted nor committed. As of June 30, 2020, the Library had \$7,847 assigned fund balances for the subsequent year's budget.

*Unassigned* – represents all amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

**NOTE 4. FRIENDS OF LEE-WHEDON LIBRARY**

The Friends of Lee-Whedon Library (the Friends) is a related party that raises money to support programs conducted at the Library. At June 30, 2020, the Friends had provided aid to the Library in the amount of \$3,255 for funding of the Library's programs.

**NOTE 5. – COMMITMENTS AND CONTINGENCIES**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include forced closures for certain types of public places, including public libraries. The Library's administration has assessed these events and the impact of these restrictions and closures related to the Library's operations.

With patrons still anxious about visiting public places, it is anticipated that the pandemic will continue to impact Library revenue. The Library's administration has assessed the financial condition and potential impact on revenue and believes the Library has assets and fund balances to absorb this potential decrease in revenues for 2020/2021.

**NOTE 6 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 11, 2021, which is the date the financial statements are available for issuance, and have determined, with the exception of the event noted in the above paragraph, there are no subsequent events other than those noted above that require disclosure under generally accepted accounting principles.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**LEE-WHEDON MEMORIAL LIBRARY  
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>
<b>Support and revenue:</b>			
Property taxes	\$ 546,285	\$ 546,264	\$ (21)
PILOT	21,599	19,761	(1,838)
Fines	7,000	4,085	(2,915)
Interest income	4,000	4,301	301
Memorials, gifts	16,000	15,869	(131)
Unclassified revenue	10,000	4,826	(5,174)
Orleans County	2,500	17,458	14,958
Reserve	6,008	-	(6,008)
State aid	3,400	23,328	19,928
Total support and revenue	<u>616,792</u>	<u>635,892</u>	<u>19,100</u>
<b>Expenses:</b>			
Salaries	296,000	319,283	(23,283)
Equipment	5,000	35,967	(30,967)
Building Insurance	6,500	5,613	887
Advertising	4,500	3,600	900
Programs	8,000	8,625	(625)
Contractual	40,000	33,393	6,607
Professional services	2,900	6,201	(3,301)
Material, books etc	70,000	57,428	12,572
Office supplies	16,500	11,864	4,636
Phone	1,000	1,205	(205)
Utilities	13,000	10,383	2,617
Retirement	40,000	38,460	1,540
Social Security	19,000	17,832	1,168
Health Insurance	62,000	61,668	332
Worker's Compensation	4,500	3,220	1,280
Medicare	4,292	4,170	122
Computer System	23,600	24,134	(534)
Total expenses	<u>616,792</u>	<u>643,046</u>	<u>(26,254)</u>
Net change in fund balance	-	(7,154)	(7,154)
Fund balance - beginning	<u>729,203</u>	<u>729,203</u>	-
Fund balance - ending	<u>\$ 729,203</u>	<u>\$ 722,049</u>	<u>\$ (7,154)</u>

The notes to the required supplementary information are an integral part of this schedule.

**LEE-WHEDON MEMORIAL LIBRARY, NEW YORK  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 1. BUDGETARY INFORMATION**

**A. BUDGETARY BASIS OF ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund.

The appropriated budget is prepared by function. The Library's Director may make transfers of appropriations within a function. Amendments to the budget require Board approval.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2020, overall library expenditures exceeded revenues in the amount of \$7,154.

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