

**AUDITED
BASIC FINANCIAL STATEMENTS**

LEE-WHEDON MEMORIAL LIBRARY

JUNE 30, 2021

DRAFT

LEE-WHEDON MEMORIAL LIBRARY
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**LEE-WHEDON MEMORIAL LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 570,799	\$ -	\$ 570,799
Certificates of deposits	109,212	-	109,212
Governmental receivables	19,280	-	19,280
Property and equipment, net	-	379,284	379,284
Total assets	<u>699,291</u>	<u>379,284</u>	<u>1,078,575</u>
LIABILITIES			
Long-term liabilities:			
Due and payable within one year	-	22,939	22,939
Due and payable after one year	-	32,802	32,802
Total liabilities	<u>-</u>	<u>55,741</u>	<u>55,741</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Assigned	7,055	(7,055)	-
Unassigned	692,236	(692,236)	-
Total fund balances	<u>\$ 699,291</u>	<u>(699,291)</u>	<u>-</u>
Net position:			
Net investment in capital assets		379,284	379,284
Unrestricted		643,550	643,550
Total net position		<u>\$ 1,022,834</u>	<u>\$ 1,022,834</u>

**LEE-WHEDON MEMORIAL LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 546,285	\$ -	\$ 546,285
Payments in lieu of taxes	19,923	-	19,923
Grants	16,364	-	16,364
State aid	195,387	-	195,387
Intergovernmental charges	2,664	-	2,664
Book rental, sales and fines	792	-	792
Interest income	2,203	-	2,203
Other	21,426	-	21,426
Total revenues	<u>805,044</u>	<u>-</u>	<u>805,044</u>
Expenditures/Expenses			
Personal services	276,404	-	276,404
Equipment and capital outlay	256,065	(212,080)	43,985
Contractual expenditures	175,574	-	175,574
Employee benefits	119,759	(15,955)	103,804
Depreciation	-	32,291	32,291
Total expenditures/expenses	<u>827,802</u>	<u>(195,744)</u>	<u>632,058</u>
Net changes in fund balance and net position	(22,758)	195,744	172,986
Fund balance/net position - beginning, as restated (Note 5)	<u>722,049</u>	<u>127,799</u>	<u>849,848</u>
Fund balance/net position - ending	<u><u>\$ 699,291</u></u>	<u><u>\$ 323,543</u></u>	<u><u>\$ 1,022,834</u></u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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

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. BASIS OF PRESENTATION

1. ENTITY-WIDE STATEMENTS:

The Library presents financial information on both a fund basis and entity-wide basis. The Statement of Net Position and the Statement of Activities present financial information about the Library's governmental activities. These statements include the financial activities of the Library in its entirety. Governmental activities generally are financed through property taxes and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues of the Library's governmental activities. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

2. FUND FINANCIAL STATEMENTS:

The fund financial statements provide information about the Library's General Fund.

C. 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 entity-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 the timing of related cash flows. 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. Property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within one year of the end of the current fiscal periods with the exception of property taxed, which the period of availability is sixty days. Expenditures generally are recorded when a liability is incurred, as

LEE-WHEDON MEMORIAL LIBRARY
NOTES TO BASIC FINANCIAL STATEMENTS

under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the General Fund.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within one year of year end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year end). All other revenue items are considered to be measurable and available only when cash is received by the Library.

D. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

1. CASH AND CASH EQUIVALENTS

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

2. PROPERTY AND EQUIPMENT

Property and equipment are reported only in the entity-wide Statement of Net Position.

Property and equipment are reported at actual cost for all acquisitions. As the Library constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the time or increase its estimated useful life.

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	straight-line	40 - 50 years
Building and site improvements	2,500	straight-line	15 years
Other equipment	2,500	straight-line	5 - 10 years

3. LONG-TERM LIABILITIES

Long-term obligations represent the Library's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Compensated absences are reported as a liability in the financial statements only to the extent that they are due for payment in the current year. Other long-term obligations are recognized as a liability in the fund financial statements when due, if applicable.

4. VESTED EMPLOYEE BENEFITS

Sick leave eligibility and accumulation is specified in the employee handbook. Upon retirement or resignation, employees who have accumulated 1801 days of sick leave is entitled to be compensated with 2 weeks of regular salary. These payments are budgeted annually without accrual.

Library employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick included in the compensated absences liability at year-end in the entity-wide Statement of Net Position. The compensated absences liability is calculated based on contractually negotiated rates in effect at year end.

5. NET POSITION FLOW ASSUMPTION

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g. grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the entity-wide Statement of Net Position, 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 determine the order of application of expenditures to which restricted and unrestricted net position will be applied.

6. 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 General 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 changed.

7. 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 Board 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 has by resolution authorized the Director to assign fund balance. The Board may also 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.

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

E. PROPERTY TAXES

The Library received income from property tax revenue that is collected by the Medina Central School District (the District) and remitted to the Library, in total annually. The Library received \$546,285 for the year ending June 30, 2021.

The Library also received income from payment in lieu of tax (PILOT) agreements, which are currently distributed from the District. The Library received \$19,923 for the year ending June 30, 2021.

F. 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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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 mostly from property taxes, grants and library charges and is exempt from federal or state income taxes under Section 501 (a) of the Internal Revenue Code.

H. ACCOUNTING PRONOUNCEMENTS

During the year ended June 30, 2021, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments*. The primary objective of Statement No. 34 is to establish new financial information and restructures much of the information that the Library has presented in the past. The Statement improves financial transparency within the Library’s fiscal reports and presents information on a government-wide basis in addition to the previously reported fund basis.

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, 2022.
- 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, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending June 30, 2022.
- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2022.
- 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, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending June 30, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending June 30, 2023.
- 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.
- Statement No. 98, *The Annual Comprehensive Financial Report*, which will be effective for the year ending June 30, 2022.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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.

B. VIOLATIONS OF LEGAL OR CONTRACTUAL PROVISIONS

The notes to required supplementary information, excess of expenditures over appropriations, describes a budgetary violation that occurred for the year ended June 30, 2021.

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, 2021.

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.

LEE-WHEDON MEMORIAL LIBRARY
NOTES TO BASIC FINANCIAL STATEMENTS

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. PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2021, was as follows:

Governmental Activities:

	Balance 07/01/2020	Increases	Decreases	Balance 06/30/2021
<u>Capital assets, nondepreciable:</u>				
Land	\$ 23,348	\$ -	\$ -	\$ 23,348
Total capital assets, nondepreciable	23,348	-	-	23,348
<u>Capital assets being depreciated:</u>				
Buildings	466,318	203,120	-	669,438
Furniture and equipment	57,165	8,960	-	66,125
Infrastructure	9,800	-	-	9,800
Total capital assets being depreciated	533,283	212,080	-	745,363
Governmental activities capital assets	556,631	212,080	-	768,711
<u>Less accumulated depreciation:</u>				
Buildings	336,852	21,891	-	358,743
Furniture and equipment	18,487	9,747	-	28,234
Infrastructure	1,797	653	-	2,450
Total accumulated depreciation	357,136	32,291	-	389,427
Total capital assets being depreciated, net	176,147	179,789	-	355,936
Governmental activities capital assets, net	\$ 199,495	\$ 179,789	\$ -	\$ 379,284

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

C. LONG-TERM LIABILITIES

The Library has a non-current liability for compensated absences, The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Other long-term debt:					
Compensated absences	\$ 71,696	\$ -	\$ 15,955	\$ 55,741	\$ 22,939
Total long-term liabilities	<u>\$ 71,696</u>	<u>\$ -</u>	<u>\$ 15,955</u>	<u>\$ 55,741</u>	<u>\$ 22,939</u>

D. NET POSITION AND FUND BALANCE

1. Net Position

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

2. Fund Balance

In the governmental fund financial statements, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The Library’s General Fund reports the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable – represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Library had no nonspendable fund balances as of June 30, 2021.

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. The Library had no restricted fund balances as of June 30, 2021.

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. The Library had no committed fund balances as of June 30, 2021.

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, 2021, the Library had \$7,055 assigned fund balances for the subsequent year’s budget.

Unassigned – represents all amounts not included in other spendable classifications.

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, 2021, the Friends had provided aid to the Library in the amount of \$3,255 for funding of the Library’s programs.

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

NOTE 5- RESTATEMENT OF NET POSITION

Restatement of Net Position

For the fiscal year ended June 30, 2021, the Library implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The implementation of Statement No. 34 resulted in an increase in net position in the governmental activities.

	<u>Governmental Activities</u>
Net position - beginning, as previously stated	\$ -
GASB Statement No. 34 implementation	849,848
Net position - beginning, as restated	<u>\$ 849,848</u>

NOTE 6 - SUBSEQUENT EVENTS

The Library purchased and closed on a property located at 214 North Avenue, Medina, NY 14103 on July 6, 2021. The total cost to the Library was \$90,427 and determination of property usage will be designated at a future date.

Management has evaluated subsequent events through XXXX, 2022, 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, 2021**

	<u>Final Budget</u>		<u>Actual</u>		<u>Over (Under) Amended Budget</u>
Support and revenue:					
Property taxes	\$ 546,285	\$	546,285	\$	-
Payments in lieu of taxes	19,760		19,923		163
Grants	-		16,364		16,364
State aid	3,400		195,387		191,987
Intergovernmental charges	2,500		2,664		164
Book rental, sales and fines	7,000		792		(6,208)
Interest income	4,000		2,203		(1,797)
Other	26,000		21,426		(4,574)
Use of fund balance	7,847		-		(7,847)
Total support and revenue	<u>616,792</u>		<u>805,044</u>		<u>188,252</u>
Expenses:					
Personal services	286,590		276,404		10,186
Equipment and capital outlay	6,000		256,065		(250,065)
Contractual expenditures	172,100		175,574		(3,474)
Employee benefits	128,502		119,759		8,743
Total expenses	<u>593,192</u>		<u>827,802</u>		<u>(234,610)</u>
Change in fund balance	<u>\$ 23,600</u>	\$	<u>(22,758)</u>	\$	<u>(46,358)</u>

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

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, 2021, expenditures exceeded appropriations in the Equipment and Capital Outlay and Contractual Expenditures categories by \$250,065 and \$3,474, respectively. In addition, total expenditures exceeded total revenue by \$22,758 for the year ended June 30, 2021.

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