

**LEE-WHEDON MEMORIAL LIBRARY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

LEE-WHEDON MEMORIAL LIBRARY

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**INDEPENDENT AUDITORS' REPORT**

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

**Adverse and Unmodified Opinions**

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Lee-Whedon Memorial Library, as of June 30, 2022, 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 on the Major Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Lee-Whedon Memorial 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 Adverse and Unmodified 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 the Lee-Whedon Memorial 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 adverse and unmodified audit opinions.

## Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, management has not recorded the net pension asset/liability required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in governmental activities and, accordingly, has not recorded the associated deferred outflows of resources, deferred inflows of resources and pension expense. Accounting principles generally accepted in the United States of America require the reporting of the pension plan, which would increase the assets, deferred outflows of resources, deferred inflows of resources, decrease net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, deferred outflows of resources, deferred inflows of resources, net position and expenses of the governmental activities has not been determined.

### Correction of Error

As discussed in Note 8 to the financial statements, the governmental activities net position as of July 1, 2021 has been restated to correct an error in the reporting of capital assets. Our opinions are not modified with respect to that matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Lee-Whedon Memorial 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. 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 Lee-Whedon Memorial 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lee-Whedon Memorial 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 budgetary comparison schedules on page 20 and note to required supplementary information on page 21 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.

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

*Kristie M. Beach, CPAs, PLLC*

Kristie M. Beach, CPAs, PLLC  
Webster, New York  
January 10, 2023

**LEE-WHEDON MEMORIAL LIBRARY**  
**Statement of Net Position**  
**June 30, 2022**

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents - unrestricted	\$ 474,800
Grants receivable	7,981
Investments	109,322
Capital assets	
Capital assets not depreciated	143,241
Capital assets - net of depreciation	<u>375,782</u>
Total assets	<u>1,111,126</u>
<b>Liabilities</b>	
Accounts payable	13,424
Compensated absences	<u>34,871</u>
Total liabilities	<u>48,295</u>
<b>Net Position</b>	
Net investment in capital assets	519,023
Unrestricted	<u>543,808</u>
Total net position	<u>\$ 1,062,831</u>

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

**LEE-WHEDON MEMORIAL LIBRARY**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u> <u>Governmental Activities</u>
<b>Primary Government</b>					
Governmental activities					
Culture and recreation	\$ 636,226	\$ 5,200	\$ 25,853	\$ -	\$ (605,173)
Total primary government	<u>\$ 636,226</u>	<u>\$ 5,200</u>	<u>\$ 25,853</u>	<u>\$ -</u>	<u>(605,173)</u>
 <b>General Revenues</b>					
Real property taxes					546,285
Payments in lieu of taxes					20,307
Use of money and property					273
Miscellaneous local sources					21,094
State aid					<u>5,270</u>
Total general revenues					<u>593,229</u>
<b>Change in Net Position</b>					<u>(11,944)</u>
<b>Net Position - Beginning - as Previously Stated</b>					1,022,834
<b>Restatement (See Note 8)</b>					<u>51,941</u>
<b>Net Position - Beginning - as Restated</b>					<u>1,074,775</u>
<b>Net Position - Ending</b>					<u>\$ 1,062,831</u>

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

**LEE-WHEDON MEMORIAL LIBRARY**  
**Balance Sheets**  
**Governmental Funds**  
**June 30, 2022**

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	<u>General Fund</u>
<b>ASSETS</b>	
<b>Assets</b>	
Cash and cash equivalents - unrestricted	\$ 474,800
Grants receivable	7,981
Investments	<u>109,322</u>
<b>Total Assets</b>	<b>\$ <u>592,103</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable	<u>\$ 13,424</u>
<b>Fund Balances</b>	
Unassigned	<u>578,679</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ <u>592,103</u></b>

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



**LEE-WHEDON MEMORIAL LIBRARY**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2022**

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Total governmental fund balances		\$ 578,679
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the following:</p>		
Land	\$ 143,241	
Total capital assets not depreciated		143,241
Buildings	681,419	
Furniture and equipment	64,725	
Infrastructure	<u>9,800</u>	
Total depreciable assets	755,944	
Less accumulated depreciation	<u>(380,162)</u>	
Total capital assets - net of depreciation		375,782
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of the following:</p>		
Compensated absences	<u>(34,871)</u>	
Total liabilities		<u>(34,871)</u>
Net position of governmental activities		<u>\$ 1,062,831</u>

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

**LEE-WHEDON MEMORIAL LIBRARY**  
**Statements of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>General Fund</b>
<b>Revenues</b>	
Real property taxes	\$ 546,285
Payments in lieu of taxes	20,307
Book rental, sales and fines	2,536
Intergovernmental charges	2,664
Use of money and property	273
Miscellaneous local sources	21,094
Grants	25,853
State aid	5,270
Total revenues	624,282
<b>Expenditures</b>	
Personal service	285,834
Equipment and capital outlay	130,179
Contractual expenditures	211,098
Employee benefits	117,783
Total expenditures	744,894
<b>Change in Fund Balances</b>	(120,612)
<b>Fund Balances - Beginning</b>	699,291
<b>Fund Balances - Ending</b>	\$ 578,679

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

**LEE-WHEDON MEMORIAL LIBRARY**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

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Change in fund balances - total governmental funds \$ (120,612)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are the following:

Capital outlay	\$ 119,893	
Depreciation expense	<u>(32,095)</u>	
Excess of capital outlay over depreciation		87,798

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current period, these amounts are the following:

Change in compensated absences		<u>20,870</u>
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Change in net position of governmental activities \$ (11,944)

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to 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 as applied to government units hereinafter referred to as generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the Library:

**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. Government-wide Financial Statements**

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on 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 funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The emphasis of fund financial statements is on major governmental funds.

**C. Fund Types**

**1. Governmental Fund Types**

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Library's governmental fund types:

**General Fund** - The general fund is the general operating fund of the Library. This fund is used to account for all financial resources.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**1. Accrual Basis**

The government-wide financial statements are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except when the elimination would distort direct costs and program revenue reported for the various functions concerned.

**2. Modified Accrual Basis**

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. Available means collectable within 60 days of the end of the current fiscal period to be used to pay liabilities of the current period. Revenues, which are subject to accrual, include real property taxes, sales taxes and state and federal aid. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for inventory-type items are recognized at the time of the disbursements.
- b. Principal and interest on indebtedness are not recognized as an expenditure until paid.
- c. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.

**3. Accounting and Financial Reporting for Pensions**

The Library is part of the New York State and Local Employees' Retirement System. The Library has elected to not record the related net pension asset/liability, deferred outflows and inflows of resources, pension expense and related disclosures required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions.

**4. Future Changes in Accounting Standards**

The Governmental Accounting Standards Board has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 91 - *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.

Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - *Omnibus 2022*. Effective for various periods through fiscal years beginning after June 15, 2023.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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Statement No. 100 - *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023.

Statement No. 101 - *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

**5. Use of Estimates**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from these estimates.

**6. Budgetary Data**

The Library's administration prepares a proposed budget for approval by the Board for the general fund. The proposed appropriate 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 years' 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 appropriation lapse at fiscal year-end, if not encumbered.

**7. Cash and Cash Equivalents**

The Library includes all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less from the date of purchase as cash and cash equivalents.

**8. Grants Receivable**

The Library reports grants receivable, which consisted of funds claimed but not received from various agencies.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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**9. Investment Policy**

The Library has a written investment policy approved by the Board of Trustees. This policy has been established in accordance with New York State municipal law. Accordingly, funds must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured accounts. The policy also requires financial institutions to provide securities for all deposits in excess of maximum FDIC coverage. The Library Director is also authorized to invest excess funds in instruments permitted under New York State municipal law and within the Library's investment policy.

**10. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., sidewalks and similar items), are reported in the governmental activity column in the government-wide financial statements. Capital assets are defined by the Library within the capitalization policies established by the Library. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>	<u>Capitalization Threshold</u>
Buildings	40 - 50	\$ 2,500
Infrastructure		
Sidewalks	15	\$ 2,500
Furniture and equipment	5 - 10	\$ 2,500

**11. Compensated Absences**

Sick leave eligibility and accumulation is specified in the employee handbook. Upon retirement or resignation, employees who have accumulated 180 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 is included in the compensated absences liability at year end in the government wide statement of net position.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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**12. Net Position and Fund Balance - Reservations and Designations**

**Government-wide Financial Statements**

The Library complies with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

The Library also complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represent assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

**Net investment in capital assets** - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

**Restricted net position** - This component of net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At June 30, 2022, the Library did not have restricted net position.

**Unrestricted net position** - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Library.

The Library will fund outlays for a particular purpose for both restricted and unrestricted resources. In order to calculate the amounts to report as restricted 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. When resources are available from multiple classifications, the Library spends funds in the following order: restricted, unrestricted.

**Fund Financial Statements**

The Library complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement improves the usefulness and clarity of fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance** - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.
- **Restricted Fund Balance** - amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.



**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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- **Committed Fund Balance** - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint. For the purposes of the Library, the highest level of decision making authority resides with the Board of Trustees.
- **Assigned Fund Balance** - amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Board of Trustees delegates the authority.
- **Unassigned Fund Balance** - amounts that are available for any purpose.

For the classification of governmental fund balances, the Library considers an expenditure to be made from budgetary appropriation first when more than one classification is available. The Library established and modifies fund balance commitments by a passage of a resolution in meetings of the Board of Trustees. Assigned fund balance is established by the Library through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service or for other purposes). The Library Director is responsible for all the purchasing activities of the Library and encumbrances at year end, which are considered assigned funds and therefore, the Library Director is designated as having the authority to assign amounts intended to be used for specific purposes. The Board of Trustees approves the adoption and amendment of the budget and has the authority of final review of all assignments of fund balance. When resources are available from multiple classifications, the Library spends funds in the following order: restricted, committed, assigned, unassigned.

The following is a summary of the Library's fund balance classifications and categories within those classifications. Restricted and assigned fund balance categories are available to the Library. Any capital gains or interest earned on restricted or assigned fund resources becomes part of the respective restricted or assigned fund balance category. While a separate bank account is not necessary for each restricted or assigned fund, a separate identity for each reserve fund must be maintained. At June 30, 2022, all Library fund balance is unassigned.

**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 ended June 30, 2022. The Library also received income from payment in lieu of tax (PILOT) agreements, which are currently distributed from the District. The Library received \$20,307 for the year ended June 30, 2022.

**F. Income Taxes**

The Library is a public corporation chartered as a public library by the New York State Board of Regents. 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.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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**Note 2. Deposits and Investments**

The Library's investment policies are governed by State statutes. In addition, the Library has its own written investment policy. Library monies 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.

**Deposits**

At June 30, 2022, the Library's bank balances can be categorized as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Bank Balance</u></b>
Cash and cash equivalents and investments	\$ 474,800	\$ 588,233
Covered by FDIC insurance		<u>\$ 588,233</u>

**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; and to obtain the highest rate of return consistent with these objectives. Oversight of investment activity is the responsibility of the Library Director.

**Certificates of Deposit - with original maturities greater than three months**

Carrying amount of investments as of June 30, 2022, appear in the financial statements as summarized below:

Investments - governmental funds - balance sheet	<u>\$ 109,322</u>
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**Investments measured at cost plus accrued interest**

The Library invests cash in excess of its immediate needs in certificates of deposit with high credit quality financial institutions. Non negotiable certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments. Investments in non negotiable certificates of deposit with original maturities of greater than three months consisted of the following at June 30, 2022:

<b><u>Fund</u></b>	<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Original Maturity</u></b>
General fund	<u>\$ 109,322</u>	0.10%	6 months

The certificates are subject to fixed interest rates of 0.10% and have an original maturity of 6 months, with penalties for early withdrawal. Any penalties would not have a material effect on the financial statements. All investment amounts included in the certificates of deposit noted above are fully collateralized as of June 30, 2022.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to 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.
- Interest-bearing time deposits at commercial banks and insured by the FDIC.
- Money market mutual funds.
- U.S. Treasury bills and notes, for which the full faith and credit of the United States government is pledged for the repayment of principal and interest.
- Demand deposit accounts established with local financial institutions and properly insured through the FDIC.

**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. Funds must be deposited in FDIC insured commercial banks or trust companies located within New York State.

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Restated Balance 6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2022</u>
<b>Governmental Activities Capital Assets</b>				
<b>Capital Assets Not Depreciated</b>				
Land	\$ 23,348	\$ 119,893	\$ -	\$ 143,241
<b>Capital Assets Depreciated</b>				
Buildings	681,419	-	-	681,419
Furniture and equipment	64,725	-	-	64,725
Infrastructure	9,800	-	-	9,800
Total capital assets depreciated	<u>755,944</u>	<u>-</u>	<u>-</u>	<u>755,944</u>
<b>Less - Accumulated Depreciation</b>				
Buildings	311,375	21,895	-	333,270
Furniture and equipment	28,035	9,547	-	37,582
Infrastructure	8,657	653	-	9,310
Total accumulated depreciation	<u>348,067</u>	<u>32,095</u>	<u>-</u>	<u>380,162</u>
Total capital assets depreciated - net	<u>407,877</u>	<u>(32,095)</u>	<u>-</u>	<u>375,782</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 431,225</u>	<u>\$ 87,798</u>	<u>\$ -</u>	<u>\$ 519,023</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities</b>	
Culture and recreation	\$ <u>32,095</u>

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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**Note 4. Other Long-term Debt**

Changes in other long-term liabilities for the governmental activities during the fiscal year were as follows:

	<u>Balance</u> <u>6/30/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2022</u>
Compensated absences	\$ 55,741	\$ -	\$ 20,870	\$ 34,871
Due in one year				\$ -
Due in more than one year				<u>34,871</u>
Total				<u>\$ 34,871</u>

**Note 5. Risk Management**

The Library is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

**Note 6. Related Party Transactions**

The Library has a memorandum of understanding with the Friends of the Lee-Whedon Memorial Library, a related party. The Friends of Library mission is to raise money and public awareness in the community to support the services and programs of the Library. At June 30, 2022, the Friends of the Lee-Whedon Memorial Library has paid expenses for the Library in the amount of \$4,247 for funding of the Library's program.

The Library is part of the Nioga Library System. The mission of the Nioga Library System is to extend and improve library services to the residents of Niagara, Orleans and Genesee Counties by assisting local libraries in meeting the information needs of their communities through leadership, education, inspiration and enhanced resource sharing.

**Note 7. Stewardship, Compliance, Accountability**

**Material Violations of Finance-Related Provisions**

Expenditures exceeding the budget are explained as follows:

**General Fund**

Expenditures for capital outlay and contractual expenditures exceeded the budgeted amount. This is due to the purchase of a house that was approved by the Board after the budget was adopted.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Notes to Financial Statements**

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**Note 8. Restatement of Net Position**

For the year ended June 30, 2022, the Library restated the balance of capital assets to correct an error in reporting the original cost of certain buildings, furniture and equipment. The result of this restatement was to increase beginning net position by \$51,941. The Library's net position for governmental funds has been restated as follows:

Net position beginning - as previously stated	\$ 1,022,834
Capital asset restatement	<u>51,941</u>
Net position beginning - as restated	<u>\$ 1,074,775</u>

**Note 9. Contingencies and Commitments**

The Library is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims would not have a material adverse effect upon the financial position of the Library.

**Note 10. Federal and State Funded Programs**

The Library participates in a number of grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Library expects such amounts, if any, to be immaterial.

**Note 11. Subsequent Event**

Management has evaluated subsequent events through the date of the report, which is the date these financial statements were available to be issued.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Real property taxes	\$ 546,285	\$ 546,285	\$ 546,285	\$ -
Payments in lieu of taxes	19,760	19,760	20,307	547
Department income	1,000	1,000	2,536	1,536
Intergovernmental charges	-	-	2,664	2,664
Use of money and property	4,000	4,000	273	(3,727)
Miscellaneous local sources	33,055	33,055	21,094	(11,961)
State sources	<u>5,900</u>	<u>5,900</u>	<u>31,123</u>	<u>25,223</u>
Total revenues	<u>610,000</u>	<u>610,000</u>	<u>624,282</u>	<u>14,282</u>
<b>Expenditures</b>				
Personal service	286,590	286,590	285,834	756
Equipment and capital outlay	6,000	6,000	130,179	(124,179)
Contractual expenditures	190,408	190,408	211,098	(20,690)
Employee benefits	<u>127,002</u>	<u>127,002</u>	<u>117,783</u>	<u>9,219</u>
Total expenditures	<u>610,000</u>	<u>610,000</u>	<u>744,894</u>	<u>(134,894)</u>
<b>Change in Fund Balance</b>	-	-	(120,612)	<u>\$ (120,612)</u>
<b>Fund Balance - Beginning</b>	<u>699,291</u>	<u>699,291</u>	<u>699,291</u>	
<b>Fund Balance - Ending</b>	<u>\$ 699,291</u>	<u>\$ 699,291</u>	<u>\$ 578,679</u>	

See accompanying note to required supplementary information.

**LEE-WHEDON MEMORIAL LIBRARY**  
**Note to Required Supplementary Information**  
**June 30, 2022**

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**Note 1. Budgetary Comparison Schedule and Budgetary Basis Reporting**

An operating budget for the general fund is adopted prior to the beginning of each year on the modified accrual basis of accounting. The budget is approved by the Board of Trustees of the Library. Budget amendments require approval by the Board of Trustees. The budgetary comparison schedule has been prepared on the legal level of budgetary control. Therefore, the Library's budgetary comparison schedule presents expenditures by department, with separate identification of personnel object codes, where applicable. The Library prepares and reports its budgetary information in accordance with accounting principles generally accepted in the United States of America.