

Paden City Public Library

Audited Financial Statements
Year Ended June 30, 2020



**Paden City Public Library
Table of Contents**

	<u>Page Number</u>
Introductory Section:	
Board of Trustees	1
Financial Section:	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Fund	6
Reconciliation of Governmental Fund Balance to Net Position of Governmental Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	9
Notes to the Financial Statements	10 - 14
Accompanying Information:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15 - 16

Introductory Section

**Paden City Public Library
Board of Trustees
June 30, 2020**

<u>Name</u>	<u>Term</u>
Jeremy Joy, President	07/18 - 07/23
Mike Turner, Treasurer	07/19 - 07/24
Barbara Slider, Secretary	07/15 - 07/20
Michelle Feldmeier, Board Member	07/18 - 07/21
Margaret Sine, Board Member	07/17 - 07/22

Dan Wilson, CPA, MBA
(deceased)
1955-2013

Dennis Kozicki, CPA
Nancy Hughes, CPA
Aimee Tickerhoof, CPA

Jaytee Herron, CPA



The Maxwell Centre
32 Twentieth Street
Suite 300
Wheeling, WV 26003

304 232-2280
Fax 304 232-2322

Independent Auditor's Report

To the Board of Trustees of the Paden City Public Library:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Paden City Public 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Library, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 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 missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Kozicki Hughes Sickenroff PLLC

Wheeling, West Virginia,
October 31, 2022.

Financial Section

Paden City Public Library
Statement of Net Position
June 30, 2020

Assets

Cash and cash equivalents	\$ 125,839
Capital assets, net	<u>81,601</u>
Total assets	<u>207,440</u>

Liabilities

Accrued liabilities	<u>4,250</u>
Total liabilities	<u>4,250</u>

Net Position

Invested in capital assets	81,601
Unrestricted	<u>121,589</u>
Total net position	<u><u>\$ 203,190</u></u>

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

**Paden City Public Library
Statement of Activities
For the Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:				
Cultural, educational and recreational	<u>\$ 64,856</u>	<u>\$ 1,031</u>	<u>\$ 33,153</u>	<u>\$ (30,672)</u>

General Revenues

Wetzel County Commission	19,000
Paden City	9,000
Wetzel County Board of Education	10,000
Interest income	289
Donations and gifts	16,632
Miscellaneous income	<u>13</u>
Total general revenues	<u>54,934</u>
Change in net position	24,262
Net position, beginning	<u>178,928</u>
Net position, ending	<u>\$ 203,190</u>

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

**Paden City Public Library
Balance Sheet
Governmental Fund
June 30, 2020**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 125,839
Total assets	<u>\$ 125,839</u>
Liabilities	
Accrued liabilities	<u>\$ 4,250</u>
Total liabilities	<u>4,250</u>
Fund Balance	
Unassigned	<u>121,589</u>
Total fund balance	<u>121,589</u>
Total liabilities and fund balance	<u>\$ 125,839</u>

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

Paden City Public Library
Reconciliation of Governmental Fund Balance
to Net Position of Governmental Activities
June 30, 2020

Governmental fund balance	\$ 121,589
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental fund balance.	<u>81,601</u>
Net position of governmental activities	<u><u>\$ 203,190</u></u>

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

**Paden City Public Library
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2020**

	<u>General Fund</u>
Revenues	
West Virginia Library Commission	\$ 23,153
Wetzel County Commission	19,000
Paden City	9,000
Wetzel County Board of Education	10,000
Other grants	10,000
Donations and gifts	16,632
Program revenue	1,031
Interest income	289
Miscellaneous income	13
	89,118
Total revenues	89,118
Expenditures	
Wages	27,214
Periodicals	704
Programs	1,826
Utilities and telephone	3,242
Supplies	1,621
Office expenditures	3,587
Rent	12,500
Repairs and maintenance	2,127
Capital expenditures	28,618
Dues and subscriptions	45
Conferences, seminars and travel	148
Insurance and workers compensation	322
Professional fees	1,950
	83,904
Total expenditures	83,904
Revenues over (under) expenditures	5,214
Fund balance, beginning	116,375
Fund balance, ending	\$ 121,589

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

**Paden City Public Library
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2020**

Amounts reported for governmental activities in
the Statement of Net Position are different because:

Net change in fund balance - governmental fund	\$ 5,214
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Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

This is the amount by which outlays exceeded depreciation in
the current period.

<u>19,048</u>

Change in net position of governmental activities

<u><u>\$ 24,262</u></u>

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

Paden City Public Library
Notes to the Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies

The Paden City Public Library (the Library) was established under Chapter 10, Article 1 of the Code of the State of West Virginia which establishes public libraries. The Library complies with accounting principles generally accepted in the United States of America. The library's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The remainder of the notes are organized to provide explanations, including required disclosures, of the library's financial activities for the fiscal year ended June 30, 2020.

Reporting Entity

The Library is a public agency whose objective is to provide books and related materials that will assist the residents of the community in the pursuit of knowledge, information, education, research and recreation in order to promote an enlightened citizenry and to enrich their quality of life.

Government-wide and Governmental Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenue.

The Library is considered a Governmental Fund, and accordingly, the Governmental Fund Balance Sheet and the Statement of Net Position are presented as separate statements. In addition, the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities are also presented as separate statements. The Library has one governmental fund (General Fund). The General Fund is the general operating fund of the Library. It is used to account for all financial resources.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement forms applied.

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements (the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance) 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.

Paden City Public Library
Notes to the Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Cash and Cash Equivalents

Cash on hand and deposits with bank institutions in checking and saving accounts and certificates of deposits are presented as cash in the accompanying financial statements. Such deposits, at June 30, 2020, were entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance.

Inventories

The Library considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the Library's financial statements.

Use of Estimates

The preparation of financial statements in conformity 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Budgets are not required by the governing body. However, the West Virginia Library Commission requires the library to complete an annual budget. The library has prepared a budget as part of its internal control system. The budget is not required to be amended during the year.

Government-Wide Net Position

The Library classifies government-wide net position within the following categories, if applicable:

- Invested in capital assets – consist of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – consist of net position that is restricted by the Library's creditors, by state enabling legislation, by grantors, and by other contributors. Such constraints limit the Library's ability to use the resources to pay current liabilities.
- Unrestricted – all other net position is reported in this category.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Library's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Paden City Public Library
Notes to the Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

Fund Balance Reporting

The Library classifies governmental fund balances within the following categories, if applicable:

- Nonspendable – consist of amounts that cannot be spent because it is not in spendable form.
- Restricted – consist of amounts constrained for specific purposes that are externally imposed by the resource providers.
- Committed – consist of amounts constrained for specific purposes that are internally imposed through formal action.
- Assigned – consist of amounts intended to be used for specific purposes that are neither restricted nor committed.
- Unassigned – consist of the residual classification for amounts in the general fund that have not been classified within the other categories.

When fund balance resources are available for a specific purpose in more than one classification, it is the Library's policy to use the most restrictive funds first in the following order; restricted, committed, assigned, and unassigned as they are needed.

Capital Assets

Capital assets are defined by the Library as assets with an initial, individual cost of \$1,500 or more and an estimated useful life in excess of one year. 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.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Accumulated depreciation is reported in the appropriate section of these notes. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land	None
Land improvements	None
Building improvements	50 years
Equipment	10 years
Books	5 years

2. Deposits and Investments

The Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. It is the Library's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of FDIC insurance.

The Library's investment authority is held by the Board of Trustees. The Board of Trustees has the right to invest funds as they deem appropriate. During the year ended June 30, 2020 the Library held no deposits that are considered investments.

Paden City Public Library
Notes to the Financial Statements
June 30, 2020

3. Income Tax Status

The income of a public library organized under state statutes is exempt from federal income tax under §115 of the Internal Revenue Code.

4. Collections

The Library has adopted the policy of not capitalizing any collection items received or obtained for use in the Library. Collection items include rare books, photos, maps, and other memorabilia.

5. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Land improvements	\$ 5,000	\$ -	\$ -	\$ 5,000
Building improvements	80,407	10,000	-	90,407
Equipment	35,374	12,755	-	48,129
Books	124,999	5,863	-	130,862
Total at historical cost	<u>245,780</u>	<u>28,618</u>	<u>-</u>	<u>274,398</u>
Less accumulated depreciation				
Land improvements	56	333	-	389
Building improvements	45,020	1,658	-	46,678
Equipment	27,856	1,843	-	29,699
Books	110,295	5,736	-	116,031
Total accumulated depreciation	<u>183,227</u>	<u>9,570</u>	<u>-</u>	<u>192,797</u>
Total capital assets, net	<u>\$ 62,553</u>	<u>\$ 19,048</u>	<u>\$ -</u>	<u>\$ 81,601</u>

Depreciation expense for the fiscal year ended June 30, 2020 was \$9,570.

6. Related Party Transactions

The Moundsville-Marshall County Public Library (MMCPL) receives and disburses funds for some of its affiliate libraries. The amount received and disbursed for the period ending June 30, 2020 for the Library amounted to:

Beginning, due from MMCPL:	<u>\$ 17</u>
<u>Receipts:</u>	
West Virginia Library Commission- Grant in aid	<u>\$ 23,153</u>
<u>Disbursements:</u>	
Transfers to Paden City Public Library	\$ 15,050
Books	3,625
Dues	45
Professional fees	4,450
Total disbursements:	<u>\$ 23,170</u>
Ending, due from MMCPL:	<u>\$ -</u>

Paden City Public Library
Notes to the Financial Statements
June 30, 2020

7. Concentration of Revenues

The Library receives a majority of its support from the West Virginia Library Commission and from local government agencies. Any significant reduction in the level of support from the West Virginia Library Commission or local government agencies could have a material effect on the Library's programs and activities.

8. Risk Management

The Library is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster.

The Library carries workers compensation and unemployment coverage. In addition, the Library continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years and there has been no significant reduction in insurance coverage from coverage in prior years.

Accompanying Information

Dan Wilson, CPA, MBA
(deceased)
1955-2013

Dennis Kozicki, CPA
Nancy Hughes, CPA
Aimee Tickerhoof, CPA

Jayetee Herron, CPA



The Maxwell Centre
32 Twentieth Street
Suite 300
Wheeling, WV 26003

304 232-2280
Fax 304 232-2322

CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of the Paden City Public Library:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Paden City Public 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, and have issued our report thereon dated October 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kozicki Hughes Sickerhoff PLLC

Wheeling, West Virginia,
October 31, 2022.