

Paden City Public Library

Audited Financial Statements
Year Ended June 30, 2021



Paden City Public Library
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Introductory Section

**Paden City Public Library
Board of Trustees
June 30, 2021**

<u>Name</u>	<u>Term</u>
Jeremy Joy, President	07/18 - 07/23
Mike Turner, Treasurer	07/19 - 07/24
Barbara Slider, Secretary	07/20 - 07/25
Michelle Feldmeier, Board Member	07/21 - 07/23
Margaret Sine, Board Member	07/17 - 07/22

Financial Section

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

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 opinions.

Responsibilities of Management for the Financial Statements

The Library's 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 Library's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility 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 GAAS and *Governmental 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 GAAS and *Governmental 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 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 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

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 opinions on the basic financial statements are not affected by this missing information.

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 January 31, 2024, 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 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 Dickertof PLLC

Wheeling, West Virginia,
January 31, 2024

Paden City Public Library
Statement of Net Position
June 30, 2021

Assets

Cash and cash equivalents	\$ 120,132
Capital assets, net	<u>96,801</u>
Total assets	<u>216,933</u>

Liabilities

Accrued liabilities	<u>4,326</u>
Total liabilities	<u>4,326</u>

Net Position

Invested in capital assets	96,801
Unrestricted	<u>115,806</u>
Total net position	<u><u>\$ 212,607</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, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Cultural, educational and recreational	\$ 70,527	\$ 1,180	\$ 23,153	\$ (46,194)

General Revenues

Wetzel County Commission	19,000
Paden City	9,000
Wetzel County Board of Education	10,000
Interest income	236
Donations and gifts	17,372
Miscellaneous income	3
Total general revenues	55,611
Change in net position	9,417
Net position, beginning	203,190
Net position, ending	\$ 212,607

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

Paden City Public Library
Balance Sheet
Governmental Fund
June 30, 2021

	<u>General Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 120,132</u>
Total assets	<u><u>\$ 120,132</u></u>
Liabilities	
Accrued liabilities	<u>\$ 4,326</u>
Total liabilities	<u>4,326</u>
Fund Balance	
Unassigned	<u>115,806</u>
Total fund balance	<u>115,806</u>
Total liabilities and fund balance	<u><u>\$ 120,132</u></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, 2021

Governmental fund balance	\$ 115,806
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>96,801</u>
Net position of governmental activities	<u>\$ 212,607</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, 2021**

	General Fund
Revenues	
West Virginia Library Commission	\$ 23,153
Wetzel County Commission	19,000
Paden City	9,000
Wetzel County Board of Education	10,000
Donations and gifts	17,372
Program revenue	1,180
Interest income	236
Miscellaneous income	3
	79,944
Total revenues	79,944
Expenditures	
Wages	28,685
Periodicals	841
Programs	2,785
Utilities and telephone	3,401
Supplies	1,626
Office expenditures	1,404
Rent	12,500
Repairs and maintenance	3,173
Capital expenditures	25,760
Dues and subscriptions	45
Insurance and workers compensation	322
Professional fees	4,325
Miscellaneous expenditures	860
	85,727
Total expenditures	85,727
Revenues over (under) expenditures	(5,783)
Fund balance, beginning	121,589
Fund balance, ending	\$ 115,806

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, 2021**

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

Net change in fund balance - governmental fund	\$ (5,783)
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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>15,200</u>

Change in net position of governmental activities	<u><u>\$ 9,417</u></u>
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The accompanying notes are an integral part of these financial statements.

Paden City Public Library
Notes to the Financial Statements
June 30, 2021

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, 2021.

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, 2021

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, 2021, 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, 2021

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	15 years
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, 2021 the Library held no deposits that are considered investments.

Paden City Public Library
Notes to the Financial Statements
June 30, 2021

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, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Land improvements	\$ 5,000	\$ -	\$ -	\$ 5,000
Building improvements	90,407	17,680	-	108,087
Equipment	48,129	-	-	48,129
Books	130,862	8,080	-	138,942
Total at historical cost	<u>274,398</u>	<u>25,760</u>	<u>-</u>	<u>300,158</u>
Less accumulated depreciation				
Land improvements	389	333	-	722
Building improvements	46,678	2,014	-	48,692
Equipment	29,699	2,150	-	31,849
Books	116,031	6,063	-	122,094
Total accumulated depreciation	<u>192,797</u>	<u>10,560</u>	<u>-</u>	<u>203,357</u>
Total capital assets, net	<u>\$ 81,601</u>	<u>\$ 15,200</u>	<u>\$ -</u>	<u>\$ 96,801</u>

Depreciation expense for the fiscal year ended June 30, 2021 was \$10,560.

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, 2021 for the Library amounted to:

<u>Receipts:</u>	
West Virginia Library Commission- Grant in aid	<u>\$ 23,153</u>
<u>Disbursements:</u>	
Transfers to Paden City Public Library	\$ 14,037
Books	4,821
Dues	45
Professional fees	4,250
Total disbursements:	<u>\$ 23,153</u>

Paden City Public Library
Notes to the Financial Statements
June 30, 2021

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

Jaytee Herron, CPA



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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, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated January 31, 2024.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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 Dickmeyer PLLC

Wheeling, West Virginia,
January 31, 2024.