

**WESTHAMPTON FREE LIBRARY  
FINANCIAL STATEMENTS  
JUNE 30, 2011**

**WESTHAMPTON FREE LIBRARY**  
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**June 30, 2011**

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# GIAQUINTO & COMPANY Y

## CERTIFIED PUBLIC ACCOUNTANTS

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JOSEPH C. GIAQUINTO, C.P.A.  
MARGARET A. GIAQUINTO, C.P.A.

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### INDEPENDENT AUDITORS' REPORT

#### To the Board of Trustees Westhampton Free Library

We have audited the accompanying general purpose financial statements of the **Westhampton Free Library** as of the year ended June 30, 2011, as listed in the table of contents. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **Westhampton Free Library**, as of June 30, 2011, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The required supplemental information, as listed in the table of contents, is not a part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Westhampton Free Library's management. It has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with Governmental Auditing Standards, we have also issued a report dated September 25, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of the **Westhampton Free Library**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general financial statements taken as a whole.

Sincerely,

A handwritten signature in cursive script that reads "Giaquinto and Company C.P.A.s." with a decorative flourish at the end.

**Giaquinto and Company**  
**Certified Public Accountants**

September 25, 2011

**WESTHAMPTON FREE LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

Management's discussion and analysis is a required element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the Library based on currently known facts, decisions or conditions.

**ABOUT OUR LIBRARY**

The Westhampton Free Library was chartered to serve the communities of Westhampton and Westhampton Beach on March 1, 1897. We currently serve all the residents of the Westhampton Beach School District, and offer library service by contract for residents of areas without their own public library. These areas include East Quogue, Remsenburg-Speonk, Eastport, East Moriches and South Manor.

On June 30th, 2011 we had almost 12,000 patrons registered with library cards, while our door counters logged over 180,000 visits to our building during the prior 12 months. In addition over 22,600 residents attended programs at our library last year. We circulated over 217,000 items to our patrons, and have a collection of nearly 70,000 items. We provide traditional library services, as well as offering programs to both children, teens and adults. Our computer classes and high speed Internet access attract many patrons to our building.

Our major source of revenue is generated through a library district property tax levy on residences in the Westhampton School District. In addition, we receive the property tax monies from residents in our contract areas who register for library service with our institution. These districts contract with Suffolk County Library System for library service, who in turn collects and forwards the contact funds to our library.

The library is governed by a Board of Trustees. This board is comprised of seven community members who work on a strictly voluntary basis for the library.

There is also a Friends of the Westhampton Free Library. The Friends are a separate 501(c) 3 non-profit corporation. The Friends group raises money through annual membership drives and their annual book fair to support library programs and special purchases.

**Contact Person  
Matthew Bollerman, Director  
(631) 288-3335**

**OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Library's financial position and results of operation from differing perspectives which are described as follows:

**WESTHAMPTON FREE LIBRARY  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2011**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information about the Library as a whole using accounting methods prescribed by the State of New York. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Library's assets (including buildings, equipment and books and certain materials) and all the Library's liabilities.

The government-wide financial statements comparisons are as follows:

	<u>06/30/11</u>	<u>06/30/10</u>	<u>Variances</u>
Cash and Other	\$ 2,380,511	\$ 2,899,552	\$ (519,041)
Capital Assets, Net	8,792,247	7,968,614	823,633
Bonds Payable	7,107,820	7,397,820	(290,000)
Revenue	2,761,655	2,639,573	122,082
Expenses	3,280,694	6,592,599	(3,311,905)

**FUND FINANCIAL STATEMENTS**

Fund financial statements provide detailed information regarding the Library's most significant activities and are not intended to provide information for the Library as a whole. Funds are accounting devices that are used to account for specific sources of funds.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT DIFFERENCES:**

There are no differences between the Government-Wide and the Fund Financial Statements. Fixed assets are recorded in both type of funds and there are no receivables or payables.

**ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS:**

Cash Balances will remain level since the building project is complete. Revenue and expenses are within budget. Overall financial position remains strong. The building project was completed in 2011.

**ANALYSIS OF SIGNIFICANT CHANGES IN INDIVIDUAL FUNDS:**

See page 11 for changes in fund balances.

**ANALYSIS OF SIGNIFICANT BUDGET VARIANCES:**

See pages 8, 9 and 10 for complete details. There were no significant variances to affect future services or liquidity.

**ANALYSIS OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM LIABILITY:**

See page 13 for details of fixed assets and bonds payable.

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 2,380,511
Net Assets	<u>8,792,247</u>
TOTAL ASSETS	<u><u>11,172,758</u></u>
LIABILITIES	
Bond Payable	<u>7,107,820</u>
TOTAL LIABILITIES	7,107,820
NET ASSETS	
Invested In Capital Assets	1,684,427
Unrestricted	578,320
Restricted	<u>1,802,191</u>
TOTAL NET ASSETS	<u><u>\$ 4,064,938</u></u>

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2011**

**GOVERNMENTAL ACTIVITIES:**

General Revenues

Tax revenue	\$2,001,449
Contract Districts	400,687
Grants	13,400
Interest	110,225
Library Incentive Aid	1,554
Donations	187,440
Charges For Services and other	<u>46,900</u>
	2,761,655
Library Expenditures	<u>(3,280,694)</u>
<b>Changes In Net Assets</b>	(519,039)
<b>Net Change - Fixed Asset Fund</b>	<u>1,113,631</u>
<b>Total Net Changes</b>	594,592
<b>Total Net Assets 06-30-2010</b>	<u>3,470,346</u>
<b>Total Net Assets 06-30-2011</b>	<u><u>\$4,064,938</u></u>

**WESTHAMPTON FREE LIBRARY  
BALANCE SHEET  
June 30, 2011**

**ASSETS**

**CURRENT**

Cash - checking - Suffolk County National Bank	\$ 40,195
Petty cash	300
Investment Account - Suffolk County National Bank	7,589
Certificate of Deposit - Suffolk County National Bank	1,972,113
Certificate of Deposit- Suffolk County National Bank	<u>360,314</u>
	2,380,511

**FIXED ASSETS**

Fixed Assets - Net of depreciation	<u>8,792,247</u>
	<u>8,792,247</u>

**TOTAL ASSETS**

11,172,758

**LIABILITIES AND FUND BALANCES**

Liabilities	
Bonds payable	7,107,820
General fund	578,320
Capital fund	1,651,863
Building fund	-
Technology fund	150,328
Fixed asset fund	<u>1,684,427</u>
	<u>4,064,938</u>

**TOTAL LIABILITIES AND FUND BALANCE**

\$ 11,172,758

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF REVENUE  
Year ended June 30, 2011**

	<u>ACTUAL</u>	<u>BUDGET</u>
Tax revenue	\$ 1,415,094	\$ 1,415,094
Tax revenue - Bond	586,355	586,355
Contract districts	400,687	360,839
Copier revenue	5,580	6,000
Reserve Income - Interest	110,225	-
Library Incentive Aid	1,554	1,267
Donations - Friends	3,000	15,000
Donations - other	59,894	-
Donations In Kind - Building Fund	103,780	-
Donations - Building Fund	20,766	-
Grants	13,400	-
Lieu of Taxes	6,519	-
Fines	377	-
Material reimbursement	2,631	1,700
Sale of Van	17,000	-
National Grid Rebate	12,750	-
Gain/Loss - Investment Portfolio	(1,985)	-
Miscellaneous revenue	<u>4,028</u>	<u>8,000</u>
	<u><u>2,761,655</u></u>	<u><u>2,394,255</u></u>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF EXPENDITURES  
Year ended June 30, 2011**

	<u>ACTUAL</u>	<u>BUDGET</u>
<b>LIBRARY MATERIALS</b>		
Books- printed	\$ 109,966	\$ 120,000
Books-electronic	16,375	13,500
Periodicals	12,845	12,500
Audio cassettes & CD's	20,915	30,000
Video cassettes	67,116	50,000
Library programs	<u>91,215</u>	<u>95,500</u>
	\$ 318,432	\$ 321,500
<b>PERSONNEL</b>		
Salaries	937,422	908,245
Social security	69,358	71,830
Health insurance	132,083	125,000
Workmen's compensation	5,830	4,000
Unemployment/ MTA tax	8,804	6,192
Other Employee expenses	2,140	3,000
Pension expense	31,581	32,300
Membership dues	2,219	2,500
Conferences	3,576	5,000
Classes and other	5,187	2,000
Travel	3,864	6,000
Audit and legal	18,165	9,000
Payroll service	9,042	7,600
Disability	<u>866</u>	<u>2,000</u>
	1,230,137	1,184,667
<b>BUILDING AND GROUNDS</b>		
Janitor	42,966	42,966
Custodial supplies	4,439	4,000
Garbage	2,119	2,500
Landscaping	3,124	-
Insurance	23,389	23,000
Fuel	656	5,549
Electricity	31,071	35,438
Repairs	4,795	2,000
Furniture	5,566	1,250
Security	2,696	2,500
Water/Sewer	<u>890</u>	<u>500</u>
	<u>121,711</u>	<u>119,703</u>
<b>SUB-TOTALS FORWARD</b>	<b>\$ 1,670,280</b>	<b>\$ 1,625,870</b>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF EXPENDITURES  
Year ended June 30, 2011**

	<u>ACTUAL</u>		<u>BUDGET</u>	
Balance forward		1,670,280		1,625,870
<b>OFFICE EXPENSES</b>				
Bank charges	618		2,000	
Office supplies	8,605		13,500	
Book processing supplies	5,689		3,500	
Circulation supplies	2,415		2,700	
Equipment repairs	25,098		25,000	
Miscellaneous	8,044		5,000	
Office equipment	7,558		1,000	
Photocopier	19,883		15,600	
Media licenses	250		500	
Telephone	4,531		3,000	
Postage	8,915		10,000	
Publicity and printing	25,465		20,100	
Computer hardware	314		9,000	
Computer maintenance and software	49,758		37,830	
SCLS	17,815		17,800	
Support	1,000		2,500	
P.A.L.S.	13,550		11,000	
Telecommunications	<u>2,329</u>		<u>2,000</u>	
		201,837		182,030
<b>DONATION EXPENSES</b>				
Donation expenditures	<u>-</u>		-	
		0		-
<b>NEW BUILDING EXPENSES</b>				
Bond interest	296,355			
Bond Principal	<u>290,000</u>			
		586,355		586,355
Professional fees	-		-	
Other expenses	796,249		-	
	<u>796,249</u>			
Rent/Moving expenses	<u>1,450</u>			
		797,699		
<b>RESERVE EXPENSES</b>				
Computer Ssystem	16,645			
Key Card System	2,033			
Web Site	<u>5,845</u>		-	
		<u>24,523</u>		-
		<u>\$ 3,280,694</u>		<u>\$ 2,394,255</u>

**WESTHAMPTON FREE LIBRARY**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**Year Ended June 30, 2011**

	<b>GENERAL FUND</b>	<b>CAPITAL FUND</b>	<b>BUILDING FUND</b>	<b>TECHNOLOGY FUND</b>	<b>FIXED ASSET FUND</b>
<b>Fund Balances - July 1, 2010</b>	\$ 697,831	\$ 422,904	\$ 1,778,487	\$ 328	\$ 570,793
<b>ADD:</b>					
Revenue	2,761,655				
Investment income	(110,225)	110,225			
Grant	(13,400)		13,400		
Building in progress					
Fixed asset additions/deletions					1,086,219
Donations - In Kind	(103,780)		103,780		
Donations	(20,766)	20,766			
Adjustment					
Transfers	(150,000)			150,000	
	<u>3,061,315</u>	<u>553,895</u>	<u>1,895,667</u>	<u>150,328</u>	<u>1,657,012</u>
<b>DEDUCT:</b>					
Expenditures	(3,280,694)				
Other/Rent/Moving expenses	797,699		(797,699)		
Asset deletions					
Bond principal payment	-	-			290,000
Transfer		1,097,968	(1,097,968)		
Depreciation - net					(262,585)
Adjustment					
	<u>(2,482,995)</u>	<u>1,097,968</u>	<u>(1,895,667)</u>	<u>-</u>	<u>27,415</u>
<b>Fund Balances - June 30, 2011</b>	<u>\$ 578,320</u>	<u>\$ 1,651,863</u>	<u>\$ -</u>	<u>\$ 150,328</u>	<u>\$ 1,684,427</u>

**WESTHAMPTON FREE LIBRARY  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2011**

**SOURCE OF CASH**

Revenues:	
General fund	\$ 2,372,324
Capital fund	130,991
Building fund	117,180
Technology fund	150,000
	<u>2,770,495</u>
Expenditures	
General fund	2,482,995
Capital fund	-
Building fund	797,699
Technology fund	-
	<u>3,280,694</u>
<b>Decrease in cash flows</b>	<b>(510,199)</b>
<b>Cash balance July 1, 2010</b>	<b>\$ <u>2,890,710</u></b>
<b>Cash balance June 30, 2011</b>	<b>\$ <u><u>2,380,511</u></u></b>

**WESTHAMPTON FREE LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**REPORTING ENTITY.** The Westhampton Free Library is located in the Town of Southampton, New York and is primarily funded by real estate tax revenues. The Board of Trustees is responsible for preparation of the annual budget, disbursement of funds, maintenance of assets and overseeing the Library management's control. The Library's management is responsible for day to day operations.

**FUND ACCOUNTING.** The accounts of the Library are organized on the basis of funds and account groups.

**BASIS OF ACCOUNTING.** The Library utilizes a modified accrual basis of accounting as prescribed by the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become available. Expenditures are recognized in the period in which the liability is incurred.

2. **CASH.** Cash in excess of current operating need is invested in interest bearing accounts. All investments are recorded at cost.

3. **FIXED ASSETS.** Fixed assets are recorded at cost and depreciated. Fixed assets are deleted when discarded or sold. The Library had its assets inventoried and valued by using actual cost or estimated cost and calculated depreciation over their useful lives. Management engaged an independent appraisal company to perform the task.

The summary of assets and depreciation are as follows:

	07/01/10	Additions	Deletions	06/30/11	Expected life
Land	\$ 700,000	-	-	\$ 700,000	N/A
Building and Improvements	-	7,074,548	-	7,074,548	25-50 Years
Books, Cassettes and CD'S	1,232,864	203,163	-	1,436,027	5 Years
Furniture and Equipment	174,841	647,764	(123,721)	698,884	5-20 years
<b>Totals Assets</b>	2,107,705	7,925,475	(123,721)	9,909,459	
(Less Depreciation)	<u>(941,298)</u>	<u>(262,585)</u>	86,671	<u>(1,117,212)</u>	
<b>Net Assets</b>	<u>\$ 1,166,407</u>			<u>\$ 8,792,247</u>	

4. **BONDS PAYABLE.** The Westhampton Free Library has obtained financing for the construction of their new library building from the Suffolk County Industrial Development Agency in the amount of \$7,827,820. The bonds will be repaid over a 20 year period with the final payment due on 06/15/2028. The rate of interest varies from 3.250% to 4.250%. The true interest cost of the bond is 3.995297%. A payment of \$290,000 was made 06/15/11.

Principal payments are:	06/15/12	\$ 300,000
	06/15/13	310,000
	06/15/14	320,000
	06/15/15	330,000
	06/15/16	350,000
	2017-2028	5,497,820
		<u>\$ 7,107,820</u>

# GIAQUINTO & COMPANY Y

## CERTIFIED PUBLIC ACCOUNTANTS

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JOSEPH C. GIAQUINTO, C.P.A.  
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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### WESTHAMPTON FREE LIBRARY

We have audited the financial statements of the Westhampton Free Library as of the year ended June 30, 2011, and have issued our report thereon dated September 25, 2011. 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.

#### Compliance

As part of obtaining reasonable assurance about whether the Westhampton Free Library financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Governmental Auditing Standards.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Westhampton Free Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Giaquinto and Company C.P.A.s.*

Giaquinto and Company  
Certified Public Accountants  
September 25, 2011

**WESTHAMPTON FREE LIBRARY  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
Year ended June 30, 2011**

**PART I - SUMMARY OF AUDITOR'S RESULTS:**

The Independent Auditors' Report on the general purpose financial statements of the **Westhampton Free Library** as of June 30, 2011 and for the year then ended expressed an unqualified opinion.

The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.

The results of the audit disclosed no instances of noncompliance that are considered to be material to general purpose financial statements of the Westhampton Free Library.

**Part II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

None

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

None

**WESTHAMPTON FREE LIBRARY  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
Year ended June 30, 2011**

**SECTION I**

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

No findings that are material to the financial statements reported.

Response - N/A

**SECTION II**

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS.

No findings were reported in the schedule of findings and questioned costs.

Response - N/A

**SECTION III**

MANAGEMENT LETTER

See Management Letter on Page 18.

Management is in agreement.

**WESTHAMPTON FREE LIBRARY  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST  
Year Ended June 30, 2011**

**SECTION I**

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

No findings of this nature were reported as a result of the previous audit.

Response - N/A

**SECTION II**

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS.

No findings of this nature were reported as a result of the previous audit.

Response - N/A

**SECTION III**

MANAGEMENT LETTER

Management is in agreement with letter issued with the previous audit.

# G I A Q U I N T O & C O M P A N Y

C E R T I F I E D P U B L I C A C C O U N T A N T S

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JOSEPH C. GIAQUINTO, C.P.A.  
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**Westhampton Free Library  
Westhampton Beach, NY 11978**

Re: Management Letter: Deficiencies in the Design of Controls

We were engaged by the Westhampton Free Library to audit the financial statements for the year ended June 30, 2011. As part of the audit, we noted the following:

Because management did not prepare the June 30, 2011 financial statement, it was necessary for Giaquinto and Company to prepare the financial statement. This represents a common practice as auditors usually prepare the financial statements for clients of this size.

According to the Statement on Auditing Standards No. 112, this constitutes a deficiency in the design of controls and must be reported to you as such. This standard came into effect as of December 31, 2006. No other internal control deficiencies came to our attention.

Sincerely,



Giaquinto and Company C.P.A.'S

September 25, 2011