

**Fayetteville
Public Library
A Component
Unit of the City of
Fayetteville,
Arkansas**

**Independent Auditor's
Report, Financial
Statements, and
Supplementary
Information**

December 31, 2021



Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
December 31, 2021

Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Position.....	9
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities.....	10
Notes to Financial Statements	11
Required Supplementary Information	
Budgetary Comparison Schedule and Notes to Required Supplementary Information	26

Independent Auditor's Report

Board of Trustees
Fayetteville Public Library
Fayetteville, Arkansas

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Fayetteville Public Library (the Library), a component unit of the City of Fayetteville, Arkansas, as of and for the year ended December 31, 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 each major fund of the Library, as of December 31, 2021, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in *Note 9* to the financial statements, in 2021, the Library corrected its reporting of fiduciary activities by eliminating two previously reported fiduciary component units. Our opinions are not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

The financial statements include certain summarized prior-year comparative information. Such information does not include all the information required or sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Library's financial statements for the year ended June 30, 2020, from which such summarized information was derived.

Responsibilities of Management 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, 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 12 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 GAAS 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, 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 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 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 management's discussion and analysis and budgetary comparison information as listed in the table of contents 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.

Report on Summarized Comparative Information

We have previously audited the Library's December 31, 2020 financial statements, and, before the matter discussed in *Note 9*, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information in our report dated July 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

FORVIS,LLP

Rogers, Arkansas
February 23, 2023

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Management's Discussion and Analysis
Year Ended December 31, 2021

Introduction

As management of the Fayetteville Public Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the Library's financial activities for the year ended December 31, 2021. It should be read in conjunction with the accompanying basic financial statements of the Library. The basic financial statements of the Library include the Fayetteville Public Library Foundation (the "Foundation"), which is a blended component unit of the Library.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The assets of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$31,426,296 (*net position*). Unrestricted net position of \$10,626,101 may be used to meet the Library's ongoing obligations and \$8,005,805 is available to meet the Foundation obligations.
- The Library's total net position increased by \$208,765 or 1%. The Foundation's net position increased by \$2,140,520 or 12%.
- As of the close of the current year, the Library's governmental funds reported ending fund balances of \$6,014,933 attributable to the Library and \$7,274,077 attributable to its Foundation, an increase of \$270,361 or 5% for the Library and an increase of \$2,161,657 or 42% for the Foundation in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$5,948,844 or 47% of total governmental fund expenditures. The Library portion of this amount excluding its Foundation was \$5,948,844 or 60% of Library governmental fund expenditures.

Overview of Financial Statements

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements* and *required supplementary information* (Budgetary Comparison Schedule). The basic financial statements include information that presents two different views of the Library.

The Library's basic financial statements not only include the Library but also its blended component unit, Fayetteville Public Library Foundation (the "Foundation"). The Foundation, although a legal separate entity, is, in substance, part of the Library's operations since its primary function is to raise funds for the benefit of the Library. The Board of Directors for the Foundation is appointed by the Board of Trustees for the Library. The effect of the transactions between the Library and Foundation is eliminated in the basic financial statements.

Governmental funds are used to account for essentially the same functions reported as in the government-wide financial statements (statement of net position and statement of activities columns on pages 7 and 10, respectively). However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Major funds of the Library are as follows:

General Fund – This is the Library's primary operating fund. It accounts for all financial resources of the general government.

Fayetteville Public Library (FPL) Foundation Fund – This fund accounts for restricted and unrestricted contributions and other funds of the Library not included in the General Fund.

The adjustment column of the financial statements represents adjustments necessary to convert the governmental fund financial statements to the government-wide financial statements under the full accrual method of accounting. The adjustments columns provide reconciliations to facilitate the comparison between the governmental fund and government-wide financial statements.

The fourth column presents the Library's *government-wide financial statements* which are designed to provide readers with a broad overview of the Library's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Library's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities and deferred inflows of resources by \$51,961,304 at the close of the most recent fiscal year.

A portion of the Library's net position (36%) is unrestricted and may be used to meet the Library's ongoing obligations to citizens and creditors.

Statements of Net Position

	2021	2020
Current and Other Assets	\$ 27,164,512	\$ 27,858,762
Capital Assets, net	34,602,690	34,312,360
Total Assets	61,767,202	62,171,122
Current and Other Liabilities	9,799,375	12,597,580
Total Liabilities	9,799,375	12,597,580
Deferred Inflows of Resources	6,523	6,523
Net Investment in Capital Assets	26,045,747	22,822,941
Restricted	7,283,651	6,924,211
Unrestricted	18,631,906	19,819,867
Total Net Position	\$ 51,961,304	\$ 49,567,019

An additional portion of the net position (50%) reflects its net investment in capital assets (*e.g.*, land, buildings, library materials and furniture and equipment). The Library uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. The remaining balance of net position (14%) represents resources that are subject to external restrictions on how they may be used. Combined unrestricted net position decreased 6% and total net position increased 5%, due to revenues exceeding expenses in 2021 by \$2,394,285.

Statements of Activities

	<u>2021</u>	<u>2020</u>
Revenues		
Grants and contributions	\$ 6,271,807	\$ 9,720,725
Property taxes	7,020,773	6,655,394
Fines and fees	33,477	25,876
Investment income (loss)	492,199	491,434
Miscellaneous	<u>533,078</u>	<u>545,423</u>
Total revenues	14,351,334	17,438,852
Expenses	<u>11,957,049</u>	<u>10,531,121</u>
Changes in Net Position	2,394,285	6,907,731
Net Position, Beginning of Year	<u>49,567,019</u>	<u>42,659,288</u>
Net Position, End of Year	<u><u>\$ 51,961,304</u></u>	<u><u>\$ 49,567,019</u></u>

In 2021, revenues decreased by \$3,087,518 or 18% and expenses increased by \$1,425,928 or 14% primarily due to:

- An decrease of donor contributions of \$3,986,792 due to the completion of the Library expansion.
- An increase in personnel services of \$524,490 due to the Library expansion.
- An increase in services and charges of \$179,441 due to the addition of the Deli and Event Center.
- An increase in depreciation of \$122,124 due to the Library expansion.

Financial Analysis of the Governmental Fund

As noted earlier, the focus of the Library's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a Library's net resources available for discretionary use at the end of the fiscal year.

As of the end of the current fiscal year, the general fund of the Library reported ending fund balances of \$5,948,844. Approximately, 99% of the Library's ending fund balance amount constitutes unassigned fund balance, which is available for spending at the Library's discretion. The remainder of the fund balance has spending constraints placed on the purpose for which resources can be used.

As of the end of the current fiscal year, the FPL Foundation fund reported ending fund balances of \$7,274,077. 100% of the fund balance has spending constraints placed on the purpose for which resources can be used.

The total fund balance of the general fund of the Library increased by \$109,887 during the current fiscal year. A key factor in the change is an increase in the property tax revenue for the Library.

The total fund balance of the FPL Foundation fund increased by \$2,161,657 during the current fiscal year. A key factor in the change is a decrease in revenue from the Foundation's capital campaign.

Capital Assets

At the end of 2021, the Library had \$34,602,690 investment in capital assets, as detailed in *Note 4* to the financial statements, an increase of \$290,330. The increase is primarily due to capital assets additions in the amount of \$2,158,287, net of depreciation expense of \$1,867,957.

Budgetary Highlights

Differences between the final budget and the actual results (budgetary basis) as reported on page 26 can be briefly summarized as follows:

- Total revenues were over budget by 1.1%.
- Total expenditures were under budget by 15.3%.
- Overall change in fund balance was \$109,887 or 107.4% more than budgeted.

Contacting the Library's Financial Management

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional financial information should be mailed to the following address:

Office of the Director of Financial Services
Fayetteville Public Library
401 W. Mountain
Fayetteville, AR 72701

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Governmental Funds Balance Sheet/Statement of Net Position
(with summarized comparative financial information for the statement of
net position at December 31, 2020)
December 31, 2021

	General Fund	FPL Foundation Fund	Total
Assets			
Cash and cash equivalents	\$ 5,030,041	\$ 1,563,210	\$ 6,593,251
Investments	1,121,561	283,219	1,404,780
Accounts receivable	3,385	467	3,852
Property taxes receivable, net of allowance; \$207,483	7,418,220	-	7,418,220
Pledges receivable, net	-	6,007,205	6,007,205
Accrued interest receivable	2,537	272	2,809
Due from other funds	414,506	-	414,506
Prepaid expense	66,089	22,952	89,041
Restricted			
Cash and cash equivalents	-	900,179	900,179
Investments	-	4,733,565	4,733,565
Accrued interest receivable	-	11,610	11,610
Capital assets, net	-	-	-
Total assets	<u>\$ 14,056,339</u>	<u>\$ 13,522,679</u>	<u>\$ 27,579,018</u>
Liabilities			
Line-of-credit agreement	-	-	-
Accounts payable	258,950	38,434	297,384
Accrued expenses	291,102	144,972	436,074
Due to other funds	-	414,506	414,506
Paycheck Protection Program Loan	-	-	-
Unearned revenue	489,597	-	489,597
Total liabilities	<u>1,039,649</u>	<u>597,912</u>	<u>1,637,561</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	7,001,757	-	7,001,757
Unavailable revenue - contributions	-	5,650,690	5,650,690
Total deferred inflows of resources	<u>7,001,757</u>	<u>5,650,690</u>	<u>12,652,447</u>
Fund Balances/Net Position			
Fund balances			
Nonspendable			
Prepaid expense	66,089	22,952	89,041
Permanent endowment	-	1,250,000	1,250,000
Assigned	-	6,001,125	6,001,125
Unassigned	5,948,844	-	5,948,844
Total fund balances	<u>6,014,933</u>	<u>7,274,077</u>	<u>13,289,010</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 14,056,339</u>	<u>\$ 13,522,679</u>	<u>\$ 27,579,018</u>
Net position			
Net investment in capital assets			
Restricted for capital assets			
Expendable			
Nonexpendable			
Restricted for debt service			
Expendable			
Restricted for children's library			
Nonexpendable			
Restricted for the volunteer program			
Expendable			
Restricted for NEH Grant			
Expendable			
Restricted for capital campaign expansion			
Unrestricted			
Total net position			

	2020	
Adjustments	Statement of Net Position	Summarized Statement of Net Position
\$ -	\$ 6,593,251	\$ 7,147,089
-	1,404,780	1,161,018
-	3,852	259,775
-	7,418,220	7,317,774
-	6,007,205	6,965,833
-	2,809	4,016
(414,506)	-	-
-	89,041	155,542
-	900,179	785,894
-	4,733,565	4,051,625
-	11,610	10,196
<u>34,602,690</u>	<u>34,602,690</u>	<u>34,312,360</u>
<u>\$ 34,188,184</u>	<u>\$ 61,767,202</u>	<u>\$ 62,171,122</u>
8,415,846	8,415,846	9,026,000
-	297,384	2,115,876
160,474	596,548	886,980
(414,506)	-	-
-	-	45,000
-	489,597	523,724
<u>8,161,814</u>	<u>9,799,375</u>	<u>12,597,580</u>
(7,001,757)	-	-
(5,644,167)	6,523	6,523
<u>(12,645,924)</u>	<u>6,523</u>	<u>6,523</u>
(89,041)		
(1,250,000)		
(6,001,125)		
(5,948,844)		
<u>(13,289,010)</u>		
26,045,747	26,045,747	22,822,941
50,833	50,833	60,900
500,000	500,000	500,000
2,230,115	2,230,115	2,175,768
750,000	750,000	750,000
538,487	538,487	492,685
3,214,216	3,214,216	2,944,858
<u>18,631,906</u>	<u>18,631,906</u>	<u>19,819,867</u>
<u>\$ 51,961,304</u>	<u>\$ 51,961,304</u>	<u>\$ 49,567,019</u>

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Statement of Governmental Funds Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
(with summarized comparative financial information for the statement of activities
for the year ended December 31, 2020)
Year Ended December 31, 2021

	General Fund	FPL Foundation Fund	Total
Revenues			
Contributions			
From primary government	\$ 2,423,401	\$ -	\$ 2,423,401
Capital Campaign - Expansion	-	4,012,259	4,012,259
Other	59,178	96,443	155,621
Property taxes	6,727,634	-	6,727,634
Investment income (loss)	(8,293)	500,492	492,199
Fines and fees	33,477	-	33,477
Grant revenue	612,622	-	612,622
State aid	138,786	-	138,786
Miscellaneous	96,996	436,082	533,078
Total revenues	<u>10,083,801</u>	<u>5,045,276</u>	<u>15,129,077</u>
Expenditures/Expenses			
Current			
Personnel services	4,698,181	157,733	4,695,440
Services and charges	1,536,012	-	1,536,012
Materials and supplies	527,576	-	527,576
Maintenance	187,453	-	187,453
Public relations	-	6,981	6,981
Depreciation	-	-	-
Other	10,919	180,732	191,651
Transfers to primary government	2,244,384	-	2,244,384
Capital outlay	877,089	1,281,198	2,158,287
Debt Service			
Principal	-	610,154	610,154
Interest	-	539,121	539,121
Total expenditures/expenses	<u>10,081,614</u>	<u>2,775,919</u>	<u>12,697,059</u>
Excess (Deficiency) of Revenues Over Expenditures	2,187	2,269,357	2,432,018
Other Financing Sources (Uses)			
Transfers in - internal activities	<u>107,700</u>	<u>(107,700)</u>	<u>-</u>
Total other financing sources (uses)	<u>107,700</u>	<u>(107,700)</u>	<u>-</u>
Net change in fund balances	109,887	2,161,657	2,432,018
Change in net position	-	-	-
Fund Balances/Net Position			
Beginning of the year	<u>5,744,572</u>	<u>5,112,420</u>	<u>10,856,992</u>
End of year	<u>\$ 5,854,459</u>	<u>\$ 7,274,077</u>	<u>\$ 13,289,010</u>

See Notes to Financial Statements

Adjustments	Statement of Activities	2020 Summarized Statement of Activities
\$ -	\$ 2,423,401	\$ 2,224,401
(1,115,882)	2,896,377	6,883,169
-	155,621	64,706
293,139	7,020,773	6,655,394
-	492,199	491,434
-	33,477	25,876
45,000	657,622	411,086
-	138,786	137,363
-	533,078	545,423
<u>(777,743)</u>	<u>14,351,334</u>	<u>17,438,852</u>
160,474	4,855,914	4,331,424
-	1,536,012	1,356,571
-	527,576	423,565
-	187,453	276,326
-	6,981	5,132
1,867,957	1,867,957	1,745,833
-	191,651	367,322
-	2,244,384	1,865,867
(2,158,287)	-	-
(610,154)	-	-
-	539,121	159,081
<u>(740,010)</u>	<u>11,957,049</u>	<u>10,531,121</u>
-	-	-
-	-	-
-	-	-
(2,432,018)	-	-
2,394,285	2,394,285	6,907,731
<u>38,710,027</u>	<u>49,567,019</u>	<u>42,659,288</u>
<u>\$ 38,672,294</u>	<u>\$ 51,961,304</u>	<u>\$ 49,567,019</u>

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Fayetteville Public Library (Library) is located in Fayetteville, Arkansas. The Library is a component unit of the City of Fayetteville, Arkansas (City). The Mayor of the City appoints all seven members of the Library's Board of Trustees and the City provides the Library with financial assistance and a major portion of the Library's budget. The accompanying financial statements present the Library and its component unit, an entity for which the Library is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Library's operations.

Blended Component Unit. The Fayetteville Public Library Foundation (Foundation) provides fundraising for the Library and is governed by a board comprised of members appointed by the Board of Trustees of the Library. The Foundation is reported as the Library's other major governmental fund. Complete financial statements of the Foundation may be obtained from the office of its Director of Development at 401 W. Mountain, Fayetteville, Arkansas.

Measurement Focus, Basis of Accounting and Presentation

Government-Wide Financial Statements

The government-wide financial statements of the Library have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally grants and property taxes) are recognized when all applicable eligibility requirements are met. Revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. The Library first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

Fund financial statements provide information about the Library's funds.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Major revenue sources susceptible to accrual include property taxes and grants.

Fund Accounting

The financial activities of the Library are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. The Library uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Library reports the following major governmental funds:

General Fund – This is the Library’s primary operating fund. It accounts for all financial resources of the general government.

Fayetteville Public Library (FPL) Foundation Fund – This fund accounts for restricted and unrestricted contributions and other funds of the Library not included in the General Fund.

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

Cash Equivalents

The Library considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021, cash equivalents consisted of money market funds with brokers.

Restricted cash equivalents consist of those short-term liquid investments held for use by the Library that have been limited by donors to a specific time period or purpose.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Property Taxes

Property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property. The property tax is considered due on the first Monday in February (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2021, property taxes receivable of \$7,418,220 and related deferred inflows of resources of \$7,001,757 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

During August 2016, the City of Fayetteville, Arkansas held a special election related to an increase in property taxes for the benefit of the Library. An increase of one and one-half (1.5) mills was passed as it relates to the maintenance and operation of the Fayetteville Public Library. In addition, a separate tax of one and two-tenths (1.2) mills was passed to be pledged to the issuance of bonds not to exceed \$26,500,000 to finance capital improvements to the Fayetteville Public Library. These bonds were issued in June 2017. Property taxes of \$2,230,115 for the 1.2 mills are included in the property tax receivable of \$7,418,220 and are shown as restricted for debt service on the Statement of Net Position.

Pledges Receivable

Pledges receivable consist of promises to give made by donors. Pledges receivable are recorded net of estimated uncollectible amounts and discounted to present value for pledges due in more than one year. The Foundation provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Restricted investments consist of those investments held for use by the Library that have been limited by donors to a specific time period or purpose

Investment earnings include dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Library:

Buildings and improvements	50 years
Furniture and equipment	5-10 years
Library materials	3-10 years
Software	5-10 years
Film	5 years

Collections

All collections of works of art, historical treasures, and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated acquisition value on the acquisition date if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition. These collections are considered inexhaustible and have extraordinarily long useful lives, and as such, these items are not depreciated.

Compensated Absences

Library policies permit most employees to accumulate leave with pay benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as accrued leave benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability is included in accrued expenses on the statement of net position.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the Library that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the Library that is applicable to a future period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenditures until the period(s) to which they relate. The governmental funds report unavailable revenues from two sources: property taxes and contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports unavailable revenue from contributions only due to time restrictions.

Net Position

Net position of the Library is classified in four components. Net investment in capital assets consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the Library. Restricted nonexpendable net position is noncapital assets whose restrictions are permanent in nature as specified by donors external to the Library. Unrestricted net position is remaining assets and deferred outflows less remaining liabilities and deferred inflows that do not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance - Governmental Funds

The fund balances for the Library's governmental funds are displayed in three components:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Assigned - Assigned fund balances include amounts intended to be used for specific purposes as specified by the Foundation's management or governing board.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available. The Library applies restricted amounts first, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Income Taxes

The Foundation is exempt from income taxes under section 501 of the Internal Revenue Code and similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. Federal Jurisdiction.

Note 2: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balances and the net change in fund balances of the Library’s General Fund and the FPL Foundation Fund differs from net position and change in net position of the governmental activities reported in the statement of net position and statement of activities. These differences primarily result from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances. The following are reconciliations of fund balances to net position and the net change in fund balances to the net change in net position:

Total fund balances	\$ 13,289,010
Amounts reported in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,602,690
Amounts reported as deferred inflows of resources are not recognized at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide financial statements.	12,645,924
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,576,320)</u>
Total net position	<u>\$ 51,961,304</u>

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Change in fund balances	\$ 2,432,018
Amounts reported in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the costs of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	290,330
Contribution revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	(1,115,882)
Property tax revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	293,139
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment consumes current financial resources. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	449,680
Miscellaneous transactions related to debt	<u>45,000</u>
Change in net position	<u><u>\$ 2,394,285</u></u>

Note 3: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it.

State law requires collateralization of all deposits of public funds with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Arkansas. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Library

The Library's deposit policy for custodial credit risk requires compliance with the provisions of state law. At December 31, 2021, the Library had bank balances of \$1,384,632 that were all insured (FDIC) or collateralized with securities held by the Library or the Library's agents in the Library's name. The carrying value of these deposits as of December 31, 2021, was \$1,447,425.

Foundation

The Foundation's deposit policy for custodial credit risk requires compliance with the provisions of state law. At December 31, 2021, \$1,929,050 that were all insured (FDIC) or collateralized with securities held by the Foundation or the Foundation's agent in the Foundation's name. The carrying value of these deposits as of December 31, 2021, was \$1,962,917.

Investments

Library

The Library may legally invest in direct obligations of the U.S. Government and agencies, collateralized certificates of deposit, prerefunded municipal bonds, corporate bonds, collateralized repurchase agreements, treasury money markets, local government trusts and savings accounts.

At December 31, 2021, the Library had the following investments and maturities:

Type	December 31, 2021			
	Fair Value	Maturities in Years		
		Less than 1	1-5	6-10
U.S. treasury obligations	\$ 737,578	\$ 737,578	\$ -	\$ -
Money market mutual funds	3,581,553	3,581,553	-	-
Corporate bonds	383,984	98,356	127,336	158,292
	<u>\$ 4,703,115</u>	<u>\$ 4,417,487</u>	<u>\$ 127,336</u>	<u>\$ 158,292</u>

In compliance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

The Library had the following recurring fair value measurements as of December 31, 2021:

- U.S. treasury obligations of \$737,578 are valued using quoted market prices (Level 2 inputs).
- Money market mutual funds of \$3,581,553 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$383,984 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Library’s investment policy attempts to match investment maturities with cash flow requirements. Money market mutual funds are used to meet the short term cash flow needs of the Library. Other investments are allowed within a range of maturities of 90 days to 10 years and over. Some of the Library’s investments have maturities over five years to maximize interest earnings.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Library’s investment policy does not address custodial credit risk.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Library’s policy to invest no more than 20% in corporate debt or in securities of a management type investment company or investment trust. It is the Library’s policy to limit its investments in corporate bonds to issues that are rated investment grade by Standard & Poor’s and Moody’s Investors Service and shall maintain an A- average rating or better for Standard & Poor’s and an A3 average rating or better for Moody’s Investors Service. Investment in commercial paper will be rated A-1/P-1. At December 31, 2021, the Library’s investments in U.S. agencies obligations and corporate bonds were rated an average rate of AA by Standard & Poor rating and an average rate of Aa1 by Moody’s Investors Service.

Concentration of Credit Risk – The Library’s policy states that investments shall be diversified by limiting investments to avoid concentration in securities from a specific issuer less than or equal to 5% of the cost basis of the Library’s portfolio at the time of purchase.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Foundation

At December 31, 2021, the Foundation had the following investments and maturities:

Type	December 31, 2021			
	Fair Value	Maturities in Years		
		Less than 1	1-5	6-10
Corporate bonds	\$ 2,130,834	\$ 541,784	\$ 791,943	\$ 797,107
Money market mutual funds	600,412	600,412	-	-
		<u>\$ 1,142,196</u>	<u>\$ 791,943</u>	<u>\$ 797,107</u>
Corporate stocks	2,413,719			
Exchange-traded funds	220,727			
Mutual funds	<u>151,564</u>			
	<u>\$ 5,517,256</u>			

In compliance with GASB 72, the Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation had the following recurring fair value measurements as of December 31, 2021:

- Corporate bonds and stocks of \$2,130,834 and \$2,413,719, respectively, are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds and mutual funds of \$500,472 and \$151,564, respectively, are valued using quoted market prices (Level 1 inputs).
- Exchange-trade funds of \$220,727 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation’s investment policy limits its investment fixed income portfolio to maturities of no more than 10 years or non-public in nature.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Foundation's policy to limit its investments in corporate bonds to issues that are rated investment grade by Standard & Poor's and Moody's Investors Service and shall maintain an A+ average rating or better for Standard & Poor's and an A1 average rating or better for Moody's Investors Service. At December 31, 2021, the Foundation's investments in U.S. agencies obligations and corporate bonds were rated an average rate of A by Standard & Poor rating and an average rate of A1 by Moody's Investors Service.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Foundation's investment policy does not address custodial credit risk.

Concentration of Credit Risk - The Foundation's investment policy dictates that except for U.S. Treasury or agency obligations, the Foundation's investment portfolio shall contain no more than 5% exposure to any issuer.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statement of net position as follows:

Carrying value		
Library		
Deposits	\$	1,447,425
Cash on hand		1,062
Investments		4,703,115
Foundation		
Deposits		1,962,917
Investments		5,517,256
		<hr/>
	\$	13,631,775
		<hr/> <hr/>

Included in the following statement of net position captions		
Cash and cash equivalents	\$	6,593,251
Restricted cash and cash equivalents		900,179
Investments		1,404,780
Restricted investments		4,733,565
		<hr/>
	\$	13,631,775
		<hr/> <hr/>

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Investment Income

Investment income for the year ended December 31, 2021, consisted of:

Interest and dividend income	\$ 124,643
Net increase in fair value of investments	<u>367,556</u>
	<u><u>\$ 492,199</u></u>

Note 4: Capital Assets

Capital assets activity for the year ended December 31, 2021, was:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 2,029,755	\$ -	\$ -	\$ 2,029,755
Construction in progress	11,976,743	-	10,895,911	1,080,832
Buildings and improvements	21,080,385	-	(10,895,911)	31,976,296
Furniture, Fixtures & Equipment	7,777,493	1,675,233	-	9,452,726
Library materials	5,427,926	463,854	-	5,891,780
Film	180,000	-	-	180,000
Software	196,799	-	-	196,799
Library owned art	<u>150,000</u>	<u>19,200</u>	<u>-</u>	<u>169,200</u>
	<u>48,819,101</u>	<u>2,158,287</u>	<u>-</u>	<u>50,977,388</u>
Less accumulated depreciation				
Buildings and improvements	6,665,618	798,331	-	7,463,949
Furniture and equipment	3,283,561	217,187	-	3,500,748
Library materials	4,257,124	833,171	-	5,090,295
Film	180,000	-	-	180,000
Software	<u>120,438</u>	<u>19,268</u>	<u>-</u>	<u>139,706</u>
	<u>14,506,741</u>	<u>1,867,957</u>	<u>-</u>	<u>16,374,698</u>
Capital assets, net	<u><u>\$ 34,312,360</u></u>	<u><u>\$ 290,330</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,602,690</u></u>

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Note 5: Line of Credit

Foundation

The Foundation has a \$15,000,000 revolving line of credit expiring in September 2022. At December 31, 2021, there was \$8,415,846 borrowed against this line. The line is collateralized by all pledges of the Foundation. Interest was 4.25 percent at December 31, 2021, and is payable monthly. On June 21, 2022 the Foundation amended the line of credit to a standard loan agreement with a maturity date of June 1, 2027 with annual principal payments of \$500,000 and interest of 3.95%.

Note 6: Paycheck Protection Program (PPP) Loan

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other subsequent legislation provides a Small Business Administration (SBA) loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Payroll Protection Program (PPP) loans will be forgiven if all employee retention criteria are met and the funds are used for eligible expenses. The Foundation received a PPP loan of \$45,000 in April 2020. The loan had an interest rate of 1 percent, with payments due monthly starting six months after the receipt of the loan.

The Foundation is accounting for the PPP loan in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Interest is accrued in accordance with the loan agreement. Forgiveness of the loan is recognized as a gain in the financial statements in the period the debt is legally released. The PPP loan is included on the accompanying 2020 summarized statement of net position as long-term debt in accordance with the term of the PPP loan agreement.

The Foundation received legal notice that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as grant revenue in fiscal year 2021.

Note 7: Interfund Transfers

During the year ended December 31, 2021, the following transfers were made between the Library and the Foundation:

- \$90,727 transfer of funds from the Foundation to the Library for payments relating to Humanities Programming and Materials.
- \$16,973 transfer of funds from the Foundation to the Library for payments relating to Elderly and Volunteer Programs

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Note 8: Pension Plan

The Library contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Library's required contributions, determined in accordance with the terms of the plan. The plan is administered by Bank of Arkansas Wealth Management. The plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Library's governing body. Plan members were required to contribute, at a minimum, 3% of covered payroll up to a maximum of \$19,500 for 2021. The Library's contribution is a discretionary 6% to 12% of each participant's annual compensation and both the employer and employee contributions are immediately fully vested. Contributions actually made during 2021 by plan members and the Library aggregated \$266,644 and \$255,780, respectively.

Note 9: Correction of Reporting Entity

In 2021, the Library determined the Library Employee Retirement Savings Plan (401a Plan) and the Library 457 Plan (457b Plan/Deferred Compensation Plan) do not meet the definition of a fiduciary component unit under GASB Statement No. 84 and GASB Statement No. 14, as amended. The Library also determined it no longer controls the assets of the plans. These plans are no longer reported as fiduciary component units by the Library. Removal of the plans resulted in an adjustment to reduce beginning fiduciary net position of pension trust funds by \$6,857,965 as of January 1, 2021.

Note 10: Risk Management

The Library is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Notes to Financial Statements
December 31, 2021

Note 11: Foundation Endowments and Similar Funds

The Foundation's Board of Directors has established an investment policy with the objective of protecting the principal of these investments and maximizing total investment return without assuming extraordinary risks. It is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to ensure a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. As of December 31, 2021, the Foundation had a total of \$50,833, of net appreciation from investment of donor-restricted endowments available for expenditure. This amount is reported in restricted fund balance in the governmental fund balance sheet and in various categories of expendable restricted net position on the statement of net position. The laws of the state of Arkansas do not currently restrict the Foundation's ability to spend net appreciation on donor-restricted endowment funds.

Required Supplementary Information

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Budgetary Comparison Schedule and Notes to Required Supplementary
Information
Budgetary Basis
Year Ended December 31, 2021

	Budget		Actual	
	Original	Final	Budgetary Basis	Final Budget-Budgetary Basis Variance
Revenues				
Contributions				
From primary government	\$ 2,439,400	\$ 2,439,400	\$ 2,423,401	\$ (15,999)
From Foundation	105,500	105,500	107,700	2,200
Other	217,561	217,561	59,178	(158,383)
Property taxes	6,437,975	6,437,975	6,727,634	289,659
Investment income	58,973	58,973	(8,293)	(67,266)
Fines and fees	45,200	45,200	33,477	(11,723)
Grant revenue	203,100	390,502	612,622	222,120
State aid	136,400	136,400	138,786	2,386
Miscellaneous	226,000	411,966	96,996	(314,970)
Total revenues	9,870,109	10,243,477	10,191,501	(51,976)
Expenditures				
Current				
Personnel services	4,735,709	4,791,709	4,698,181	(93,528)
Materials and supplies	1,190,311	1,408,860	527,576	(881,284)
Services and charges	1,876,949	2,122,302	1,536,012	(586,290)
Maintenance	230,372	236,372	187,453	(48,919)
Transfers to primary government	2,087,975	2,087,975	2,244,384	156,409
Other	-	-	10,919	10,919
Capital outlay	245,900	1,081,691	877,089	(204,602)
Total expenditures	10,367,216	11,728,909	10,081,614	(1,647,295)
Excess of Revenues Over (Under) Expenditures	(497,107)	(1,485,432)	109,887	1,595,319
Change in Fund Balances	(497,107)	(1,485,432)	109,887	1,595,319
Fund Balances, Beginning of Year	5,744,572	5,744,572	5,744,572	-
Fund Balances, End of Year	\$ 5,247,465	\$ 4,259,140	\$ 5,854,459	\$ 1,595,319

Budgets and Budgetary Accounting

The annual budget is prepared on the modified accrual basis for revenues and expenditures and adopted by the Library Board of Trustees. Subsequent amendments are approved by the Board. Budgetary control is maintained at the Library program level.

The budgetary basis used for budget purposes excludes the revenues and expenditures of the Foundation since it is a blended component unit of the Library and does not adopt an annual budget.