

**GALAX-CARROLL REGIONAL LIBRARY**

**FINANCIAL STATEMENT  
CASH BASIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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**Independent Auditors' Report**

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**To the Members of the Board of Trustees  
Galax-Carroll Regional Library  
Galax, Virginia**

**Report on the Financial Statement**

We have audited the accompanying statement of cash receipts and disbursements of the Galax-Carroll Regional Library for the year ended June 30, 2021, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

## ***Opinion***

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all materials respects, the cash receipts and disbursements of the Galax-Carroll Regional Library for the year ended June 30, 2021, in accordance with the cash basis of accounting as described in Note 1.

## ***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to that matter.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2021, on our consideration of Galax-Carroll Regional 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 Galax-Carroll Regional Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Galax-Carroll Regional Library internal control over financial reporting and compliance.

*Holman, Fane, Cox Associates*

Blacksburg, Virginia  
November 4, 2021

## FINANCIAL STATEMENT

# GALAX-CARROLL REGIONAL LIBRARY

## Statement of Cash Receipts and Disbursements

For the Year Ended June 30, 2021

### ***Cash Receipts:***

Charges for services	\$ 5,432
Miscellaneous	4,740
Contributions from participating localities	426,153
Intergovernmental	<u>205,754</u>
 Total Cash Receipts	 \$ <u>642,079</u>

### ***Cash Disbursements:***

#### Parks, Recreation and Cultural:

Salaries	\$ 226,912
Fringes	79,772
Books and periodicals	51,632
Supplies	19,512
Advertising	1,120
Insurance	3,077
Utilities	30,698
Telephone	9,630
Continuing education	668
Postage	940
Maintenance and cleaning	102,900
Miscellaneous	5,983
Professional services	4,500
Contractual services	6,361
Programs and promotions	6,528
Audio visual	17,099
Computer services	8,167
Equipment and furniture	45,700
CARES expenditures	28,862
Digital materials	<u>12,820</u>

Total Cash Disbursements	\$ <u>662,881</u>
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Increase (decrease) in cash	\$ (20,802)
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Beginning cash	<u>40,780</u>
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Ending cash	\$ <u><u>19,978</u></u>
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The accompanying notes to financial statement are an integral part of this statement.

GALAX-CARROLL REGIONAL LIBRARY

NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2021

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**Note 1-Summary of Significant Accounting Policies:**

As discussed in Note 1.B, this financial statement is presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). This cash basis financial statement meets the disclosure requirements applicable to GAAP, in substance, but is limited to the elements presented in the financial statement and the constraints of the measurement and recognition criteria of the cash basis of accounting.

**A. Financial Reporting Entity**

As provided in Section 42.1-37 of the Code of Virginia, the Galax-Carroll Regional Library operates a library that serves the two localities. The library has locations in the City of Galax and the County of Carroll. The Library is governed by a six member board of trustees, three of which are appointed from the Carroll County Board of Supervisors and three are appointed from the Galax City Council.

The Governmental Accounting Standards Board (GASB) has determined that, under certain circumstances, related organizations should be considered component units of a primary entity and, as such, reported as part of the primary entity. In so doing, GASB established criteria for determining whether a related entity should be reported as a component unit and under different circumstances, how component units must be presented. In defining the Library as a primary reporting entity, related organizations were evaluated for possible inclusion, using the criteria established by the GASB. The criteria would require the reporting entity to include entities that hold resources entirely or almost entirely for the direct benefit of the Library where the Library has the ability to access a majority of those resources and those resources are significant to the Library. Based on these criteria, the Library does not have any component units, nor is the Library considered a component unit of any of the participating jurisdictions. Therefore, this financial statement is for the primary entity only.

**B. Basis of Accounting**

The financial statement is presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

GALAX-CARROLL REGIONAL LIBRARY

NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2021 (CONTINUED)

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**Note 2-Related Party Transactions:**

The Library occupies its present locations at no annual rental fee. These locations, excluding the new library in Galax, are owned by the City of Galax and the County of Carroll and are reported as such on their financial statements. The new Galax library was constructed by contributions from the Galax-Carroll Regional Library Foundation and a Community Facilities Loan issued by the City of Galax, Virginia. The Library owns the facility; however, the cost is not reported on the financial statements because the Library is reporting on the cash basis. The City is responsible for repayment of the loan; as such, the liability and debt service is reported on the City's financial statements. The estimated fair rental value of all premises is not reflected in this financial statement as it does not meet the criteria for reporting.

Library employees of the branch located in Hillsville, Virginia are paid directly by the County of Carroll. The County deducts salary and fringe benefit expense from its monthly appropriation to the Library. Employees of the branch located in Galax, Virginia are paid by the City of Galax. In return, the Library reimburses the City monthly for the salary expenses incurred.

**Note 3-Deposits:**

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Note 4-Risk Management:**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries insurance for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past five years.

**Note 5-Local Contributions:**

The Library receives quarterly contributions from the City of Galax and the County of Carroll. In fiscal year 2020, the 4th quarter allocation from the County of Carroll was not received until after year end. Therefore, due to timing, revenues for fiscal year 2021 appeared higher for the year end financials and revenues for fiscal year 2020 appeared lower.



## COMPLIANCE



**Independent Auditors' 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***

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**To the Members of the Board of Trustees  
Galax-Carroll Regional Library  
Galax, Virginia**

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 accompanying statement of cash receipts and disbursements of the Galax-Carroll Regional Library for the year ended June 30, 2021, and the related notes to the financial statement and have issued our report thereon dated November 4, 2021, which included a paragraph emphasizing that the financial statement is prepared on the cash basis, which is an other comprehensive basis of accounting.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Galax-Carroll Regional 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Galax-Carroll Regional Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Galax-Carroll Regional 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Galax-Carroll Regional Library's financial statement is 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.

*Robinson, Finner, Cox Associates*

Blacksburg, Virginia  
November 4, 2021