



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT

June 30, 2023

EAST ISLIP PUBLIC LIBRARY
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Required Supplementary Information	
Management's Discussion and Analysis (MD&A)	3
Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Notes to Financial Statements	21
Required Supplementary Information other than MD&A:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	41
Schedule of the Library's Proportionate Share of the Net Pension Asset/(Liability)	43
Schedule of Library Pension Contributions	44
Schedule of Changes in the Library's Total OPEB Liability and Related Ratios	45

JAMES E. DANOWSKI, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
MICHAEL J. LEONE, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA



VINCENT D. CULLEN, CPA
(1950 - 2013)
PETER F. RODRIGUEZ, CPA
(RET.)

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
East Islip Public Library
East Islip, New York

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Islip Public Library (Library), as of and for the year ended June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Islip Public Library, as of June 30, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the Library's proportionate share of the net pension asset/(liability), schedule of Library pension contributions, and schedule of changes in the Library's total OPEB liability and related ratios on pages 3 through 14, and 41 through 45, respectively, 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.

Cullen & Danowski, LLP

November 20, 2023

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The East Islip Public Library's (Library) discussion and analysis of the financial performance provides an overall review of the Library's financial activities for the fiscal year ended June 30, 2023, in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The Library's total net position (deficit), as reflected in the government-wide financial statements, decreased by \$205,072. This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The Library's general fund fund balance, as reflected in the fund financial statements was \$2,526,348 at June 30, 2023. This balance represents a \$278,641 increase (12.40%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. Nonspendable fund balance increased by \$35,921, which represents the change in prepaids. Assigned fund balance increased \$87,968, which represents the allocation of interest to the assigned fund balances, and the change in encumbrances. Unassigned fund balance increased by \$154,752 to \$1,999,027.
- The Library's 2023 property tax levy of \$4,047,647 has remained the same since 2020. The Library's property tax cap was 4.08%.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (MD&A), the financial statements and required supplementary information. The financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. Government-Wide Financial Statements

The government-wide financial statements present the governmental activities of the Library and are organized to provide an understanding of the fiscal performance of the Library, as a whole, in a manner similar to a private sector business. There are two government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Library's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the Library's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. To assess the overall health of the Library one needs to consider additional non-financial factors such as changes in the Library's property tax base and the condition of the Library's significant capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the Library's funds, not the Library as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Library are reported in the governmental funds.

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the Library incurs the liability, except for certain expenditures such as lease liabilities, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Library's operations and the services it provides.

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains three individual governmental funds: general fund, capital projects fund, and permanent fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

3. FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

A. Net Position

The Library's total net position (deficit) decreased by \$205,072 between fiscal year 2022 and 2023. The deficit decrease is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the Library Statements of Net Position follows:

	2023	2022	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 3,129,611	\$ 2,523,481	\$ 606,130	24.02%
Capital Assets, Net	418,064	438,706	(20,642)	-4.71%
Net Pension Asset - Proportionate Share	-	465,208	(465,208)	-100.00%
Total Assets	<u>3,547,675</u>	<u>3,427,395</u>	<u>585,488</u>	3.51%
Deferred Outflows of Resources	<u>1,467,127</u>	<u>1,705,935</u>	<u>(238,808)</u>	-14.00%
Liabilities				
Current and Other Liabilities	159,642	174,457	(14,815)	-8.49%
Long-Term Liabilities	308,286	275,466	32,820	11.91%
Net Pension Liability - Proportionate Share	1,236,770	-	1,236,770	100.00%
Total OPEB Liability	<u>3,770,036</u>	<u>3,651,545</u>	<u>118,491</u>	3.24%
Total Liabilities	<u>5,474,734</u>	<u>4,101,468</u>	<u>1,373,266</u>	33.48%
Deferred Inflows of Resources	<u>956,844</u>	<u>2,653,710</u>	<u>(1,696,866)</u>	-63.94%
Net Position (Deficit)				
Net Investment in Capital Assets	392,514	438,706	(46,192)	-10.53%
Restricted	7,250	7,250	-	0.00%
Unrestricted (deficit)	<u>(1,816,540)</u>	<u>(2,067,804)</u>	<u>251,264</u>	-12.15%
Net position (deficit)	<u>\$ (1,416,776)</u>	<u>\$ (1,621,848)</u>	<u>\$ 205,072</u>	-12.64%

The increase in current and other assets is related to increases in both cash balances and prepaids.

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The decrease in capital assets, net is due to depreciation/amortization expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 7 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the Library's share of the New York State and Local Employees' Retirement System's (ERS) collective net pension asset, at the measurement date of the respective year. In the current year, the Library's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 10 "Pension Plan – New York State" provides additional information.

The decrease in current and other liabilities is mainly due to the decrease in accounts payable, offset by an increase in due to ERS.

The increase in long-term liabilities is attributable to the change in the compensated absences liability, offset by the repayment of lease liabilities.

Net pension liability – proportionate share represents the Library's share of the ERS' collective net pension liability at the measurement date of the respective year. The increase is due to the shift from a net pension asset in the prior year, to a net pension liability in the current year. The accompanying Notes to Financial Statements, Note 10 "Pension Plan – New York State" provides additional information.

Total OPEB liability increased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 12 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation/amortization and related outstanding debt.

The restricted amount relates to the Library's permanent endowment fund. This number did not change from the prior year.

The unrestricted deficit amount relates to the balance of the Library's net position. Certain unfunded liabilities will have the effect of reducing the Library's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the Library is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of the statement for the fiscal years ended June 30, 2023 and 2022 is as follows:

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for services	\$ 55,256	\$ 32,488	\$ 22,768	70.08%
General Revenues				
Real property taxes	4,047,647	4,047,647	-	0.00%
Other revenues	174,842	108,697	66,145	60.85%
Total Revenues	<u>4,277,745</u>	<u>4,188,832</u>	<u>88,913</u>	2.12%
Expenses				
Salaries	2,020,360	1,925,872	94,488	4.91%
Contractual and other expenses	886,162	811,417	74,745	9.21%
Employee benefits	1,131,415	659,296	472,119	71.61%
Obligation to school district	-	593,972	(593,972)	-100.00%
Debt service - interest	1,024	20,366	(19,342)	-94.97%
Depreciation/amortization	33,712	33,029	683	2.07%
Total Expenses	<u>4,072,673</u>	<u>4,043,952</u>	<u>28,721</u>	0.71%
Increase in Net Assets	<u>\$ 205,072</u>	<u>\$ 144,880</u>	<u>\$ 60,192</u>	41.55%

The Library's net position increased by \$205,072 and \$144,880 for the year ended June 30, 2023 and 2022, respectively.

The Library's revenues increased when compared to the prior year, primarily due to the following changes:

- Charges for services increased primarily due to increased program revenues.
- Other revenues increased due to higher interest earnings.

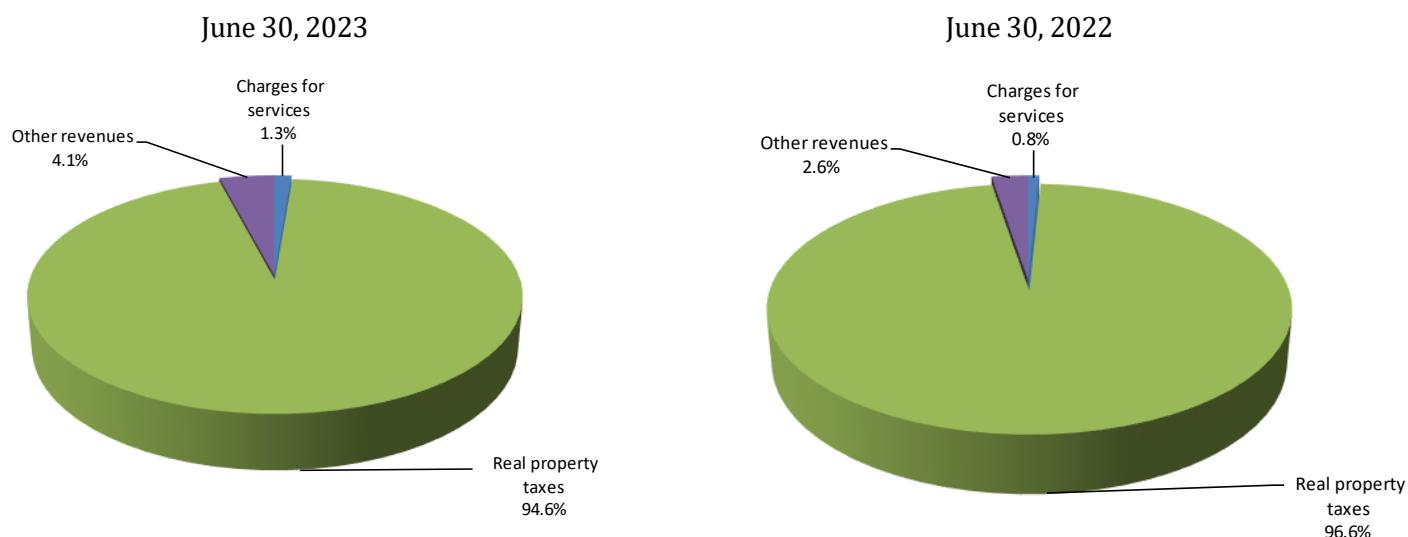
The Library's expenses decreased when compared to the prior year, primarily due to the following changes:

- Obligation to school district and debt service – interest, decreased due to the prior year final repayment of the obligation. In 2002, the East Islip UFSD issued serial bonds on behalf of the Library, which matured in 2022.
- Salaries increased primarily due to salary adjustments and staffing.
- Employee benefits increased as a result of the actuarial valuations of the ERS liability and the OPEB liability.

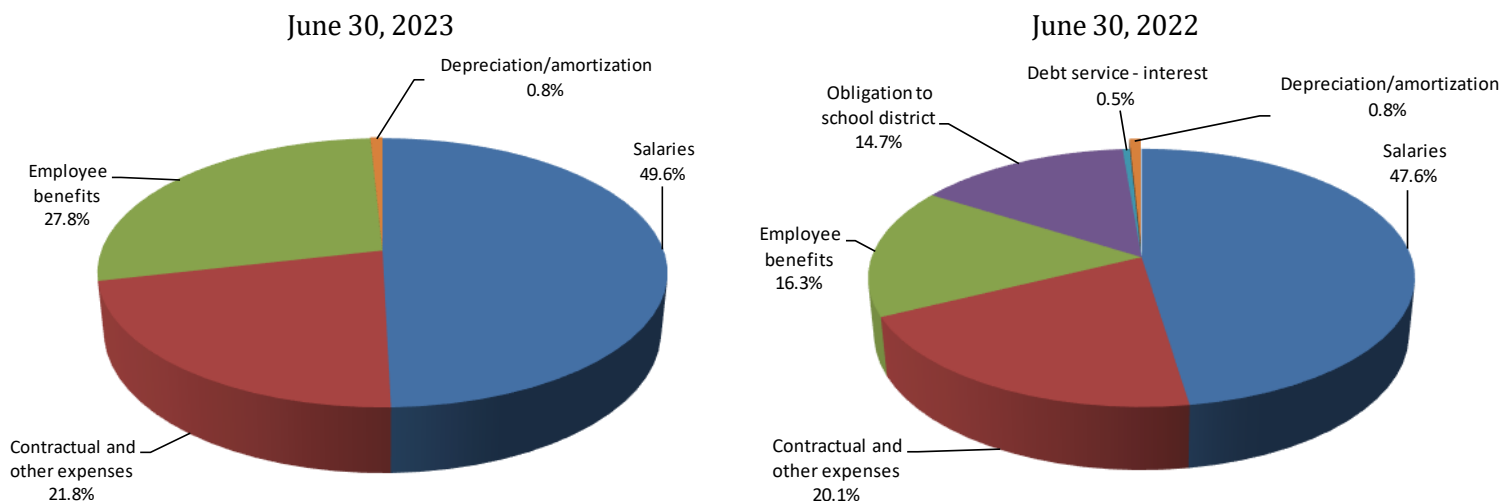
As indicated on the pie charts that follow, real property taxes is the largest component of revenues recognized (i.e., 94.60% and 96.60% of the total for the years 2023 and 2022, respectively). Salaries is the largest category of expenses incurred (i.e., 49.60% and 47.60% of the total for the years 2023 and 2022, respectively).

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of revenues for the two years follows:



A graphic display of the distribution of expenses for the two years follows:



4. FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

At June 30, 2023, the Library's governmental funds reported a combined fund balance of \$2,969,969, which is a net increase of \$620,945 over the prior year. This increase is due to an excess of revenues over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the changes in the components of fund balance by fund is as follows:

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Prepaids	\$ 99,955	\$ 64,034	\$ 35,921	56.10%
Assigned:				
Unemployment payments	61,229	59,776	1,453	2.43%
Retirement contributions	83,590	81,607	1,983	2.43%
Separation payments	84,640	82,632	2,008	2.43%
Repairs	105,960	103,446	2,514	2.43%
General fund purposes	91,947	11,937	80,010	670.27%
Unassigned: Fund balance	1,999,027	1,844,275	154,752	8.39%
	<u>2,526,348</u>	<u>2,247,707</u>	<u>278,641</u>	12.40%
Capital Projects Fund				
Assigned: Unappropriated fund balance	<u>419,327</u>	<u>77,445</u>	<u>341,882</u>	441.45%
Permanent Fund				
Nonspendable: Endowment	7,250	7,250	-	0.00%
Assigned: Unappropriated fund balance	17,044	16,622	422	2.54%
	<u>24,294</u>	<u>23,872</u>	<u>422</u>	1.77%
 Total Fund Balance	 <u>\$ 2,969,969</u>	 <u>\$ 2,349,024</u>	 <u>\$ 620,945</u>	 26.43%

A. General Fund

The general fund – fund balance is a net increase of \$278,641, compared to a net increase of \$90,087 in 2022. This resulted from revenues in excess of expenditures and other financing uses.

The following is a summary of the major changes that resulted in revenues increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes	\$ 4,047,647	\$ 4,047,647	\$ -	0.00 %
Other Tax Items	55,361	28,240	27,121	96.04 %
Other Local Revenue	172,433	112,915	59,518	52.71 %
	<u>\$ 4,275,441</u>	<u>\$ 4,188,802</u>	<u>\$ 86,639</u>	2.07 %

- Other local revenue increased primarily due to higher interest earnings.
- Other tax items increased as a result of increased PILOT revenue.

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of the major changes that resulted in a net decrease in expenditures from the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
Personal Services	\$ 2,020,360	\$ 1,925,872	\$ 94,488	4.91 %
Equipment	17,553	26,852	(9,299)	(34.63)%
Contractual and Other Expenditures	881,679	789,124	92,555	11.73 %
Employee Benefits	730,052	742,529	(12,477)	(1.68)%
Debt Service	7,156	614,338	(607,182)	(98.84)%
Other Financing Uses	340,000	-	340,000	0.00 %
	<u>\$ 3,996,800</u>	<u>\$ 4,098,715</u>	<u>\$ (101,915)</u>	(2.49)%

- Debt service decreased as a result of the prior year's final repayment of the obligation to the East Islip UFSD.
- Personal services increased primarily due to salary adjustments and staffing.
- Contractual and other expenditures increased primarily due to increased program costs.
- Other financing uses increased as the Library transferred \$340,000 to the capital projects fund to fund Library improvements, whereas, in the prior year, no amounts were transferred.

B. Capital Projects Fund

The capital projects fund – fund balance net increase is the result of the budgeted transfer and interest earnings.

C. Permanent Fund

The permanent fund-fund balance net increase represents interest earnings.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The Library's general fund adopted budget for the year ended June 30, 2023 was \$4,183,000. This amount was increased by encumbrances carried forward from the prior year in the amount of \$11,937 and budget revisions in the amount of \$90,500, for a total final budget of \$4,285,437.

The final budget was funded through a combination of estimated revenues, the majority of this funding source was \$4,047,647 in estimated property taxes.

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures and other financing uses, net of encumbrances and amounts classified as assigned and nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 1,844,275
Fund Balance Appropriated for Budget Revision	(90,000)
Revenues Over Budget	91,941
Expenditures, Other Financing Uses, and Encumbrances Under Budget	196,690
Net Change in Nonspendable Fund Balance	(35,921)
Net Changes in Assigned, Unappropriated Fund Balance	<u>(7,958)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 1,999,027</u></u>

Opening, Unassigned Fund Balance

The \$1,844,275 shown in the table is the portion of the Library's June 30, 2022 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The Library increased appropriations by \$90,000, which was funded by unassigned fund balance. The increase was needed to fund program and operating expenditures, which decreased the unassigned portion of the general fund fund balance.

Revenues Over Budget

The 2022-2023 final budget for revenues was \$4,183,500. Actual revenues recognized for the year were \$4,275,441. The Library recognized \$91,941 more revenue than estimated or budgeted. This contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures including prior year open encumbrances and budget revisions as of June 30, 2023 was \$4,285,437. Actual expenditures and operating transfers out as of June 30, 2023 were \$3,996,800 and outstanding encumbrances were \$91,947. Combined, the expenditures plus encumbrances for 2022-2023 were \$4,088,747. The final budget variance was \$196,690, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of various prepaid expenses. The resulting balance sheet asset cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance decreases unassigned fund balance.

Changes in Assigned, Unappropriated Fund Balance

Monies transferred from budget lines within the general fund operating budget into assigned fund balances do not affect the combined assigned and unassigned fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the Library's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfers. The change in assigned fund balance was an increase of \$7,958, which represented interest earned on all assigned fund balances.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, unassigned fund balance at June 30, 2023 is \$1,999,027. This is an increase of \$154,752 over the unassigned fund balance from the prior year.

6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2023, the Library had invested in land, and a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation/amortization expense of \$33,712 in excess of capital additions of \$13,070, recorded for the year ended June 30, 2023. A summary of the Library's capital assets, net of accumulated depreciation/amortization at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Land	\$ 65,000	\$ 65,000	\$ -
Building improvements	305,685	298,887	6,798
Furniture and equipment	21,829	43,579	(21,750)
Leased property	18,181	20,792	(2,611)
Leased equipment	7,369	10,448	(3,079)
	<u> </u>	<u> </u>	<u> </u>
Capital assets, net	<u>\$ 418,064</u>	<u>\$ 438,706</u>	<u>\$ (20,642)</u>

B. Debt Administration

At June 30, 2023, the Library had total debt of \$25,550. The decrease in outstanding debt represents principal payments made throughout the year. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Commencement Date	Interest Rate	2023	2022	Increase (Decrease)
10/1/18	4.09%	\$ 18,181	\$ 21,216	\$ (3,035)
11/15/21	1.87%	2,511	4,357	(1,846)
3/4/22	2.65%	4,858	6,109	(1,251)
		<u>\$ 25,550</u>	<u>\$ 31,682</u>	<u>\$ (6,132)</u>

C. Other Long-Term Liabilities

Included in the Library's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and the net pension liability – proportionate share and total OPEB liability, which are based on actuarial valuations.

	2023	2022	Increase (Decrease)
Compensated absences payable	\$ 282,736	\$ 243,784	\$ 38,952
Net pension liability - proportionate share	1,236,770	-	1,236,770
Total OPEB liability	<u>3,770,036</u>	<u>3,651,545</u>	<u>118,491</u>
	<u>\$ 5,289,542</u>	<u>\$ 3,895,329</u>	<u>\$ 1,394,213</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, for the year ending June 30, 2024, is \$4,190,000. This is an increase of \$7,000 or 0.17% as compared to the previous year's budget.

The Library budgeted revenues other than real property taxes at a \$7,000 increase over the prior year's estimate. The property tax remained the same as the prior four years.

B. Future Budgets

The need for additional resources, fluctuating rates in this inflationary environment, resulting in increases for charges of goods and services may impact the Library's future budgets.

C. Tax Cap

New York State limits the increase in the property tax levy of local governments to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Public libraries are authorized to exceed the tax levy limit only if the governing body enacts, by a 60% vote, to override the tax levy limit, and the budget is approved by more than 50% of the voters. Based on the law, the Library's tax levy cap for 2023-2024 is 3.91%. The Library's 2023-2024 budgeted property tax remained the same as prior four years, was under the budget cap, and, therefore, did not require an override vote.

EAST ISLIP PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

8. CONTACTING THE LIBRARY

This financial report is designed to provide the reader with a general overview of the Library's finances and to demonstrate the Library's accountability for the funds it receives. Requests for additional information can be directed to:

Mr. Matthew Wuthenow, Library Director
East Islip Public Library
381 East Main Street
East Islip, New York 11730

EAST ISLIP PUBLIC LIBRARY
Statement of Net Position
June 30, 2023

ASSETS

Cash	
Unrestricted	\$ 3,022,406
Restricted	7,250
Prepays	99,955
Capital assets:	
Not being depreciated/amortized	65,000
Being depreciated/amortized, net of accumulated depreciation/amortization	<u>353,064</u>
Total Assets	<u>3,547,675</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	873,781
Other postemployment benefits	<u>593,346</u>
Total Deferred Outflows of Resources	<u>1,467,127</u>

LIABILITIES

Payables	
Accounts payable	13,368
Accrued liabilities	82,534
Due to employees' retirement system	63,740
Long-term liabilities	
Due and payable within one year	
Lease liabilities	6,327
Compensated absences payable	58,803
Due and payable after one year	
Lease liabilities	19,223
Compensated absences payable	223,933
Net pension liability - proportionate share	1,236,770
Total other postemployment benefits liability	<u>3,770,036</u>
Total Liabilities	<u>5,474,734</u>

DEFERRED INFLOWS OF RESOURCES

Pension	48,637
Other postemployment benefits	<u>908,207</u>
Total Deferred Inflows of Resources	<u>956,844</u>

NET POSITION (DEFICIT)

Net investment in capital assets	392,514
Restricted: Endowment - Nonexpendable	7,250
Unrestricted (Deficit)	<u>(1,816,540)</u>
Total Net Position (Deficit)	<u>\$ (1,416,776)</u>

EAST ISLIP PUBLIC LIBRARY
Statement of Activities
For The Year Ended June 30, 2023

LIBRARY SERVICES EXPENSES

Salaries	\$ 2,020,360
Contractual and other expenses	886,162
Employee benefits	1,131,415
Debt service - interest	1,024
Depreciation/amortization	<u>33,712</u>

Total Expenses	<u>4,072,673</u>
----------------	------------------

PROGRAM REVENUES

Charges for services	<u>55,256</u>
----------------------	---------------

GENERAL REVENUES

Real property taxes	4,047,647
Other revenues	<u>174,842</u>

Total General Revenues	<u>4,222,489</u>
------------------------	------------------

Change in Net Position	205,072
------------------------	---------

Total Net Position (Deficit) - Beginning of Year	<u>(1,621,848)</u>
--	--------------------

Total Net Position (Deficit) - End of Year	<u><u>\$ (1,416,776)</u></u>
--	------------------------------

EAST ISLIP PUBLIC LIBRARY
Balance Sheet - Governmental Funds
June 30, 2023

	General	Capital Projects	Permanent	Total Governmental Funds
ASSETS				
Cash				
Unrestricted	\$ 3,005,362	\$	\$ 17,044	\$ 3,022,406
Restricted			7,250	7,250
Due from other fund		419,327		419,327
Prepays	99,955			99,955
	<u>3,105,317</u>	<u>419,327</u>	<u>24,294</u>	<u>3,548,938</u>
Total Assets	<u>\$ 3,105,317</u>	<u>\$ 419,327</u>	<u>\$ 24,294</u>	<u>\$ 3,548,938</u>
LIABILITIES				
Payables				
Accounts payable	\$ 13,368	\$	\$	\$ 13,368
Accrued liabilities	82,534			82,534
Due to other fund	419,327			419,327
Due to employees' retirement system	63,740			63,740
	<u>578,969</u>	<u>-</u>	<u>-</u>	<u>578,969</u>
Total Liabilities	<u>578,969</u>	<u>-</u>	<u>-</u>	<u>578,969</u>
FUND BALANCES				
Nonspendable:				
Prepays	99,955			99,955
Endowment			7,250	7,250
Assigned, Unappropriated:				
Unemployment payments	61,229			61,229
Retirement contributions	83,590			83,590
Separation payments	84,640			84,640
Repairs	105,960			105,960
General fund purposes	91,947			91,947
Other purposes		419,327	17,044	436,371
Unassigned: Fund balance	1,999,027			1,999,027
	<u>2,526,348</u>	<u>419,327</u>	<u>24,294</u>	<u>2,969,969</u>
Total Fund Balances	<u>2,526,348</u>	<u>419,327</u>	<u>24,294</u>	<u>2,969,969</u>
Total Liabilities and Fund Balances	<u>\$ 3,105,317</u>	<u>\$ 419,327</u>	<u>\$ 24,294</u>	<u>\$ 3,548,938</u>

EAST ISLIP PUBLIC LIBRARY
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total Governmental Fund Balances	\$	2,969,969
----------------------------------	----	-----------

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

The costs of building, acquiring, and the right-to-use capital assets financed from the governmental funds are reported as expenditures in the year they incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Library, as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 1,012,495	
Less: Accumulated depreciation/amortization	<u>(594,431)</u>	
		418,064

Proportionate share of long-term liability and deferred outflows and inflows of resources associated with participation in the state retirement system are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	873,781	
Net pension liability - employees' retirement system	(1,236,770)	
Deferred inflows of resources	<u>(48,637)</u>	
		(411,626)

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the governmental funds.

Deferred outflows of resources	593,346	
Total other postemployment benefits liability	(3,770,036)	
Deferred inflows of resources	<u>(908,207)</u>	
		(4,084,897)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Lease liabilities	(25,550)	
Compensated absences payable	<u>(282,736)</u>	
		<u>(308,286)</u>

Total Net Position	\$	<u><u>(1,416,776)</u></u>
--------------------	----	---------------------------

EAST ISLIP PUBLIC LIBRARY
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2023

	General	Capital Projects	Permanent	Total Governmental Funds
REVENUES				
Real property taxes	\$ 4,047,647	\$	\$	\$ 4,047,647
Payments in lieu of taxes	55,361			55,361
Library charges, fines & fees	55,256			55,256
Use of money & property	100,233	1,882	422	102,537
Gifts and donations	1,183			1,183
Miscellaneous	15,761			15,761
	<u>4,275,441</u>	<u>1,882</u>	<u>422</u>	<u>4,277,745</u>
Total Revenues				
EXPENDITURES				
Salaries	2,020,360			2,020,360
Equipment and capital outlay	17,553			17,553
Contractual and other expenditures	881,679			881,679
Employee benefits	730,052			730,052
Debt Service				
Principal	6,132			6,132
Interest	1,024			1,024
	<u>3,656,800</u>	<u>-</u>	<u>-</u>	<u>3,656,800</u>
Total Expenditures				
Excess of Revenues Over Expenditures	<u>618,641</u>	<u>1,882</u>	<u>422</u>	<u>620,945</u>
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in		340,000		340,000
Operating transfers (out)	(340,000)			(340,000)
	<u>(340,000)</u>	<u>340,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and (Uses)				
Net Change in Fund Balances	278,641	341,882	422	620,945
Fund Balances - Beginning of Year	<u>2,247,707</u>	<u>77,445</u>	<u>23,872</u>	<u>2,349,024</u>
Fund Balances - End of Year	<u>\$ 2,526,348</u>	<u>\$ 419,327</u>	<u>\$ 24,294</u>	<u>\$ 2,969,969</u>

EAST ISLIP PUBLIC LIBRARY
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For The Year Ended June 30, 2023

Net Change in Fund Balances	\$	620,945
-----------------------------	----	---------

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

Long-Term Revenue and Expense Differences

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable		(38,952)
--	--	----------

Capital Related Differences

Capital outlays to purchase, build, or the right-to-use capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which depreciation/amortization exceeded capital outlays and additions in the period.

Capital outlays and other additions	\$	13,070	
Depreciation/amortization expense		(33,712)	
			(20,642)

Long-Term Debt Transactions Differences

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Lease liabilities		6,132
-------------------	--	-------

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plan and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Employees' retirement system		(271,948)	
Other postemployment benefits		(90,463)	
			(362,411)

Change in Net Position of Governmental Activities	\$	205,072
---	----	---------

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the East Islip Public Library (Library) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Library are as follows:

A. Reporting Entity

The Library is governed by Education Law and other general laws of the State of New York. The governing body is the Board of Trustees (Board) of the Library consisting of five members. The scope of activities included within the accompanying financial statements are those transactions which comprise library operations, and are governed by, or significantly influenced by, the Board. The mission of the Library is to provide all residents with opportunities for educational, cultural, and recreational enrichment through its collections, reference and information services, and cultural programs.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Library. The Library is not a component unit of another reporting entity. The decision to include a potential component unit in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the Library's reporting entity.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Library. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the Library at fiscal year end. The Statement of Activities presents a comparison between expenses and revenues for each function of the Library's governmental activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the Library and (b) grants that are restricted to meeting the operational or capital requirements of the Library. Revenues that are not classified as program revenues, including real property taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Library's governmental funds. The Library's financial statements present the following fund type:

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental Funds – are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the Library's major governmental funds:

General Fund – is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Capital Projects Fund – is used to account for the financial resources used for the acquisition, construction, renovation, major repair, or leasing of capital facilities and other capital assets.

Permanent Fund – is used to account for the financial transactions of donor resources in connection with the Library's endowment funds. Interest earned on these funds either remains in the fund as assigned fund balance, or is transferred out to the general fund, which accounts for the expendable donor resources.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the Library would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for lease liabilities, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Real Property Taxes

Real property taxes are levied annually for the Library by the East Islip Union Free School District Board of Education ("the School District") no later than November 1st and become a lien on December 1st.

The Library's tax levy is collected by the Town of Islip and remitted to the school district. The school district remits the Library's share of the tax levy to the Library in 12 equal monthly installments. Suffolk County is responsible for any uncollected taxes.

E. Payments in Lieu of Taxes (PILOT)

The Library reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the Library.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the Library's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

G. Interfund Transactions

The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Library must account for in other funds in accordance with budgetary authorizations.

In the government-wide statements, eliminations are made for all interfund receivables and payables among the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Library's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

H. 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, pension costs, OPEB, potential contingent liabilities, and useful lives of capital assets.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are permanently restricted by donor and contractual obligation, specifically cash in the Library's endowment funds.

J. Prepaid Items

Prepaid items represent payments made by the Library for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Under the consumption method, a current asset for the prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that prepaids do not constitute available spendable resources.

K. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated/amortized on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life (Years)</u>
Building improvements	\$ 2,000	20-40
Furniture and equipment	2,000	5-20
Leased property	0	10
Leased equipment	0	3-5

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Library has two items that qualify for reporting in this category. The first item is related to pensions and consists of the Library's proportionate share of changes in the collective net pension liability not included in collective pension expense and the Library's contributions to the pension system subsequent to the measurement date. The second item is related to OPEB and represents change in the total OPEB liability not included in OPEB expense.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

M. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation leave.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a portion of the value of unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the Library by June 30th.

N. Other Benefits

Eligible Library employees participate in the ERS.

Library employees may choose to participate in the Library's elective deferred compensation plan established under Internal Revenue Code §457.

The Library provides individual or family health insurance coverage for active employees as specified in employment agreements.

In addition to providing these benefits, the Library provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if Library employees are eligible for these benefits if they reach normal retirement age while working for the Library. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Library and the retired employee. The Library recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the government-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

O. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The Library has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide Statement of Net Position and consists of the Library's proportionate share of changes in the collective net pension liability not included in collective pension expense. The second item is related to OPEB reported in the government-wide statement of net position and represents the change in the total OPEB liability not included in OPEB expense.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

P. Equity Classifications

Government-wide Statements

In the government-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted – Reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaid items, which are accounted for in the general fund, and endowments for amounts provided by donors, which are nonexpendable and are accounted for in the permanent fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Library's Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual positive amount of fund balance. Assigned fund balance includes the following designations, as well as encumbrances not classified as restricted at the end of the fiscal year:

Designation for Unemployment Payments

This designation is used to account for amounts set aside for future unemployment payments. This designation is accounted for in the general fund.

Designation for Retirement Contributions

This designation is used to account for amounts set aside for future retirement system contributions. This designation is accounted for in the general fund.

Designation for Separation Payments

This designation is used to account for amounts set aside for future separation payments. This designation is accounted for in the general fund.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Designation for Repairs

This designation is used to account for amounts set aside for repairs, including those for the parking lot. This designation is accounted for in the general fund.

Unassigned – Represents the residual classification for the Library's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used only to report a deficit fund balance resulting from overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

2. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2023, the Library implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance for identifying certain subscription-based assets and liabilities that were previously classified as expenditures and recognized as inflows or outflows of resources based on payment provisions of the contract. This statement has no impact on these financial statements.

3. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the Library feels may have a future impact on these financial statements. The Library will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2024	GASB No. 99 - <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 - <i>Compensated Absences</i>

GASB Statement No. 99 provides additional guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Library's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

B. Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of three broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation/amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Library's proportionate share of the collective pension expense of the plan.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The Library administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget, which was approved by the voters of the Library.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves and assigned balances, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Program expenses funded by donations	\$ 500
Repairs and improvements funded by unassigned fund balance	50,000
Utility expenses funded by unassigned fund balance	20,000
Professional fees funded by unassigned fund balance	20,000
	<u>90,500</u>
	<u>\$ 90,500</u>

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS

The Library's investment policies are governed by state statutes and Library policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Custodial credit risk is the risk that in the event of a bank failure, the Library may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Library's name.

The Library's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the Library's behalf at year end.

The Library did not have any investments at year end or during the year.

7. CAPITAL ASSETS

A. Changes

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 65,000	\$	\$	\$ 65,000
Total capital assets not being depreciated/amortized	65,000	-	-	65,000
Capital assets being depreciated/amortized				
Building improvements	616,404	10,900	(3,000)	624,304
Furniture and equipment	284,780	2,170		286,950
Leased property	24,118			24,118
Leased equipment	12,123			12,123
Total capital assets being depreciated/amortized	937,425	13,070	(3,000)	947,495
Less accumulated depreciation/amortization for:				
Building improvements	317,517	4,102	(3,000)	318,619
Furniture and equipment	241,201	23,920		265,121
Leased property	3,326	2,611		5,937
Leased equipment	1,675	3,079		4,754
Total accumulated depreciation/amortization	563,719	33,712	(3,000)	594,431
Capital assets, net	\$ 438,706	\$ (20,642)	\$ -	\$ 418,064

Depreciation/amortization expense was \$33,712.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The building wherein the Library operates is the property of East Islip Union Free School District and is not reflected in these financial statements. The improvements funded by the bond issued by the District are also not included in these financial statements.

B. Lease Assets

The Library has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases are three to ten years with discount rates ranging from 1.87% to 4.09%. These leases are included in leased property and leased equipment contained in the previous table. The Library has not provided any residual value guarantees related to these leased capital assets.

C. Impairment Losses

The Library evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Library's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset will not be recoverable. At June 30, 2023, the Library has not recorded any such impairment losses.

8. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2023 are as follows:

	Interfund			
	Receivable	Payable	Transfers-in	Transfers-out
General Fund	\$	\$ 419,327	\$	\$ 340,000
Capital Projects Fund	419,327		340,000	
Total	\$ 419,327	\$ 419,327	\$ 340,000	\$ 340,000

All interfund balances are considered short-term operating loans and are expected to be repaid. Interfund receivables and payables are eliminated on the Statement of Net Position. The Library transferred from the general fund to the capital projects fund in accordance with the Library's approved budget.

9. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and OPEB liabilities, for the year are summarized below:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Lease liabilities	\$ 31,682	\$	\$ (6,132)	\$ 25,550	\$ 6,327
Other long-term debt:					
Compensated absences	243,784	38,952		282,736	58,803
	\$ 275,466	\$ 38,952	\$ (6,132)	\$ 308,286	\$ 65,130

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The general fund is used to liquidate the compensated absences liability. Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

B. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Parking lot	10/1/2018	9/1/2028	4.09%	\$ 18,181
Coffee machine	11/15/2021	10/15/2024	1.87%	2,511
Copy machine	3/4/2022	2/4/2027	2.65%	4,858
				<u>\$ 25,550</u>

The following is a summary of debt service requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 6,327	\$ 829	\$ 7,156
2025	5,250	634	5,884
2026	4,789	458	5,247
2027	4,501	281	4,782
2028	3,730	122	3,852
2029	953	6	959
Total	<u>\$ 25,550</u>	<u>\$ 2,330</u>	<u>\$ 27,880</u>

There were no variable payments or other payments made for leases included above. There were no additional lease commitments entered into by the Library after June 30, 2023.

C. Interest Expense

Interest expense on long-term debt for the year was \$1,024.

10. PENSION PLAN – NEW YORK STATE

A. General Information

The Library participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, public employee retirement system. The system provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Provisions and Administration

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Library also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the ERS before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The Library paid 100% of the required contributions as billed by ERS for the current year. The Library's average contribution rate was 13.70% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The Library's share of the required contributions, based on covered payroll for the Library's year ended June 30, 2023 was \$197,637, at an average contribution rate of 11.23%.

D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2023, the Library reported the following liability for its proportionate share of the net pension asset/(liability) for the ERS. The net pension asset/(liability) was measured as of March 31, 2023 and was determined by an actuarial valuation. The Library's proportion of the net pension asset/(liability) was based on a projection of the Library's long-term share of contributions to the system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Library.

Measurement date	March 31, 2023
Library's proportionate share of the net pension liability	\$ (1,236,770)
Library's portion of the Plan's total pension liability	0.0057674%
Change in proportion since the prior measurement date	0.0000765

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2023, the Library recognized pension expense of \$484,768 for ERS. At June 30, 2023, the Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131,726	\$ 34,733
Changes of assumptions	600,655	6,638
Net difference between projected and actual earnings on pension plan investments		7,266
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	77,660	
Library contributions subsequent to the measurement date	63,740	
Total	<u>\$ 873,781</u>	<u>\$ 48,637</u>

Library contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2024	\$ 201,087
2025	(42,384)
2026	263,911
2027	338,790
	<u>\$ 761,404</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Inflation	2.90%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.50%

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability. The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		March 31, 2023
Asset class		
Domestic equity	32.0%	4.30%
International equity	15.0%	6.85%
Real estate equity	9.0%	4.60%
Private equity	10.0%	7.50%
Alternative investments	10.0%	5.38-5.84%
Fixed income	23.0%	1.50%
Cash	1.0%	0.00%
	100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the Library's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90%, as well as what the Library's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90%) or 1 percentage point higher (6.90%) than the current rate:

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

ERS	1% Decrease 4.90 %	Current Assumption 5.90 %	1% Increase 6.90 %
Library's proportionate share of the net pension asset/(liability)	\$ (2,988,743)	\$ (1,236,770)	\$ 227,207

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the measurement date were as follows:

Measurement date	March 31, 2023 <i>(Dollars in Thousands)</i>
Employers' total pension liability	\$ (232,627,259)
Plan fiduciary net position	<u>211,183,223</u>
Employers' net pension liability	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	90.78%

Payables to the Pension Plan

Employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$63,740 of employer contributions. Employee contributions are remitted monthly.

11. DEFERRED COMPENSATION BENEFITS

The Library has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Library makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$81,420.

12. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description - The Library provides OPEB for eligible retired employees of the Library. The benefits provided to employees upon retirement are based on provisions in the various contracts that the Library has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Benefits Provided - The Library provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Library and are available upon request.

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	<u>16</u>
	<u><u>30</u></u>

B. Total OPEB Liability

The Library's total OPEB liability of \$3,770,036 was measured as of June 30, 2023 and was determined by an actuarial valuation date of July 1, 2021. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs - The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%	
Salary increases	2.50%	annually
Discount rate	3.65%	
Healthcare cost trend rates	6.00%	decreasing to an ultimate rate of 5.00% by 2025
Retiree's share of benefit-related costs - Retired prior to July 1, 2011	0% 50%	on individual coverage on spousal coverage
Retiree's share of benefit-related costs - Retired on or after July 1, 2011	15% 50%	on individual coverage on family coverage

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the Society of Actuary's RPH-2014 Total Dataset headcount-weighted and then projected generationally with the MP-2021 scale.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 3,651,545</u>
Changes for the year	
Service cost	168,905
Interest	132,992
Changes in assumptions or other inputs	(55,075)
Benefit payments	<u>(128,331)</u>
	<u>118,491</u>
Balance at June 30, 2023	<u><u>\$ 3,770,036</u></u>

Reflected in differences in changes in assumptions and other inputs is a charge in the discount rate from 3.54% in 2022 to 3.65% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

OPEB	1% Decrease 2.65 %	Discount Rate 3.65 %	1% Increase 4.65 %
Total OPEB liability	<u>\$ (4,316,362)</u>	<u>\$ (3,770,036)</u>	<u>\$ (3,318,501)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.00% decreasing to 4.00%) or 1 percentage point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.00 % decreasing to 4.00 %	Healthcare Cost Trend Rate 6.00 % decreasing to 5.00 %	1% Increase 7.00 % decreasing to 6.00 %
Total OPEB liability	<u>\$ (3,174,032)</u>	<u>\$ (3,770,036)</u>	<u>\$ (4,536,096)</u>

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023 the Library recognized OPEB expense of \$218,794. At June 30, 2023 the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 308,871	\$ 231,835
Changes of assumptions or other inputs	284,475	676,372
Total	<u>\$ 593,346</u>	<u>\$ 908,207</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (83,103)
2025	(59,508)
2026	(53,612)
2027	(54,512)
2028	(59,159)
Thereafter	<u>(4,967)</u>
	<u><u>\$ (314,861)</u></u>

13. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded insurance coverage for the past three years.

The following is a summary of the maturing debt service requirements for the refunding bonds, and is included in the School District's total summary of debt service requirements:

14. TAX ABATEMENTS

The Town of Islip Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The Library's property tax revenue was reduced \$54,262. The Library received PILOT payments totaling \$55,361.

EAST ISLIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

15. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

At June 30, 2023, the Library encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund

Equipment and Capital Outlay	\$ 18,049
Contractual and Other Expenditures	73,488
Employee Benefits	<u>410</u>
	<u>\$ 91,947</u>

B. Litigation

The Library is not aware of any material pending or threatened litigation claims against the Library. The Library is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

16. SUBSEQUENT EVENTS

The Library has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

EAST ISLIP PUBLIC LIBRARY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 4,047,647	\$ 4,047,647	\$ 4,047,647	\$ -
Other Local Revenue				
Payments in lieu of taxes	30,526	30,526	55,361	24,835
Library charges, fines & fees	46,500	46,500	55,256	8,756
Use of money & property	51,077	51,077	100,233	49,156
Gifts & donations		500	1,183	683
Miscellaneous			15,761	15,761
Total Other Local Revenue	128,103	128,603	227,794	99,191
State Sources	7,250	7,250		(7,250)
Total Revenues	4,183,000	4,183,500	4,275,441	\$ 91,941
APPROPRIATED FUND BALANCE				
Prior Year's Encumbrances	11,937	11,937		
Appropriated Assigned Fund Balance	-	90,000		
Total Appropriated Fund Balance	11,937	101,937		
Total Revenues and Appropriated Fund Balance	\$ 4,194,937	\$ 4,285,437		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

EAST ISLIP PUBLIC LIBRARY
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
Salaries	\$ 2,050,000	\$ 2,050,000	\$ 2,020,360	\$	\$ 29,640
Equipment and Capital Outlay	36,963	36,964	17,553	18,049	1,362
Contractual and Other Expenditures					
Books	275,188	261,931	175,324	28,211	58,396
Video Recordings	27,000	27,000	19,415	1,419	6,166
Audio Recordings	21,314	21,314	11,004	2,147	8,163
Other Materials	1,000	1,000	859	65	76
Serials	24,095	24,095	15,890	3,095	5,110
Electronic Materials	40,000	40,000	20,326	387	19,287
Library Office Supplies	28,048	28,048	22,280	4,903	865
Telecommunications	21,000	21,000	20,161	287	552
Postage	11,000	11,000	8,182		2,818
Membership Dues	8,000	8,135	8,016	119	-
Travel & Conferences	6,000	6,000	1,724	1,473	2,803
Publicity & Printing	20,000	20,000	18,171	1,766	63
Programs	142,329	146,750	140,702	6,048	-
Training	4,000	4,080	3,910	170	-
Utilities	138,000	158,000	149,472	1,597	6,931
Custodial Supplies	11,500	11,500	9,274	1,202	1,024
Building Repairs	40,500	40,500	32,066	7,970	464
Other Operating & Maintenance Expenses	40,000	90,000	74,862	10,116	5,022
Contracts	65,000	65,000	59,997		5,003
Office Equipment Repair & Rental	11,600	8,244	6,920	1,045	279
Parking Lot Lease	3,800		-		-
Insurance	30,000	30,000	29,352		648
Professional Fees	41,000	61,000	53,772	1,468	5,760
Total Contractual and Other Expenditures	1,010,374	1,084,597	881,679	73,488	129,430
Employee Benefits					
NYS Employees' Retirement System	203,700	212,820	212,820		-
Social Security Expenditures	151,000	151,000	146,323		4,677
Workers' Compensation Insurance	17,000	17,000	9,957		7,043
NYS Disability Insurance	4,200	4,200	1,315		2,885
Hospital & Medical Insurance	368,000	368,000	351,681		16,319
Dental	11,500	11,500	6,314		5,186
Optical	2,200	2,200	1,642	410	148
Total Employee Benefits	757,600	766,720	730,052	410	36,258
Debt Service					
Principal	-	6,132	6,132		-
Interest	-	1,024	1,024		-
Total Debt Service	-	7,156	7,156	-	-
Total Expenditures	3,854,937	3,945,437	3,656,800	91,947	196,690
OTHER FINANCING USES					
Operating Transfers Out	340,000	340,000	340,000		-
Total Expenditures and Other Uses	\$ 4,194,937	\$ 4,285,437	3,996,800	\$ 91,947	\$ 196,690
Net Change in Fund Balance			278,641		
Fund Balance - Beginning of Year			2,247,707		
Fund Balance - End of Year			\$ 2,526,348		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

EAST ISLIP PUBLIC LIBRARY
Schedule of the Library's Proportionate Share of the Net Pension Asset/(Liability)
Last Nine Fiscal Years

	<i>Employees' Retirement System</i>								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension asset/(liability)	0.0057674%	0.0056909%	0.0055713%	0.0054321%	0.0049809%	0.0050582%	0.0051703%	0.0056078%	0.0051149%
Library's proportionate share of the net pension asset/(liability)	\$ (1,236,770)	\$ 465,208	\$ (5,548)	\$ (1,438,450)	\$ (352,913)	\$ (163,252)	\$ (485,815)	\$ (900,062)	\$ (172,793)
Library's covered payroll	\$ 1,810,803	\$ 1,676,000	\$ 1,685,000	\$ 1,817,399	\$ 1,786,324	\$ 1,734,093	\$ 1,714,644	\$ 1,632,273	\$ 1,577,238
Library's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	68.30 %	27.76 %	0.33 %	79.15 %	19.76 %	9.41 %	28.33 %	55.14 %	10.96 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rates	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

EAST ISLIP PUBLIC LIBRARY
Schedule of Library Pension Contributions
Last Ten Fiscal Years

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 197,637	\$ 292,000	\$ 271,000	\$ 263,799	\$ 257,417	\$ 262,689	\$ 255,492	\$ 287,633	\$ 298,534	\$ 336,772
Contributions in relation to the contractually required contribution	<u>197,637</u>	<u>292,000</u>	<u>271,000</u>	<u>263,799</u>	<u>257,417</u>	<u>262,689</u>	<u>255,492</u>	<u>287,633</u>	<u>298,534</u>	<u>336,772</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered payroll	\$ 1,760,598	\$ 1,758,000	\$ 1,682,000	\$ 1,808,696	\$ 1,799,107	\$ 1,753,695	\$ 1,600,442	\$ 1,630,767	\$ 1,595,970	\$ 1,434,868
Contributions as a percentage of covered payroll	11%	17%	16%	15%	14%	15%	16%	18%	19%	23%

EAST ISLIP PUBLIC LIBRARY
Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 168,905	\$ 232,042	\$ 220,466	\$ 162,569	\$ 147,097	\$ 143,509
Interest on total OPEB liability	132,992	94,614	84,135	106,363	110,706	106,059
Changes in benefit terms	-	(19,681)	-	-	-	-
Differences between expected and actual experience	-	433,921	-	(469,615)	-	-
Changes of assumptions or other inputs	(55,075)	(834,843)	27,990	540,779	(182,842)	-
Benefit payments	<u>(128,331)</u>	<u>(115,493)</u>	<u>(115,663)</u>	<u>(105,631)</u>	<u>(109,597)</u>	<u>(99,762)</u>
Net change in total OPEB liability	118,491	(209,440)	216,928	234,465	(34,636)	149,806
Total OPEB liability, beginning	<u>3,651,545</u>	<u>3,860,985</u>	<u>3,644,057</u>	<u>3,409,592</u>	<u>3,444,228</u>	<u>3,294,422</u>
Total OPEB liability, ending	<u><u>\$ 3,770,036</u></u>	<u><u>\$ 3,651,545</u></u>	<u><u>\$ 3,860,985</u></u>	<u><u>\$ 3,644,057</u></u>	<u><u>\$ 3,409,592</u></u>	<u><u>\$ 3,444,228</u></u>
Covered employee payroll	1,276,127	1,245,002	1,334,457	1,301,909	1,038,155	1,012,834
Total OPEB liability as a percentage of covered employee payroll	295.43%	293.30%	289.33%	279.90%	328.43%	340.06%
Discount rates	3.65%	3.54%	2.16%	2.21%	3.50%	3.13%
Healthcare trend rates	6.0% to 5.0% by 2025	7.0% to 5.0% by 2025	7.0% to 4.5% by 2025	7.5% to 4.5% by 2025	8.5% to 5.0% by 2025	9.0% to 5.0% by 2025

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

