

**MASTICS-MORICHES-SHIRLEY
COMMUNITY LIBRARY**

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2022

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and the Director
Mastics-Moriches-Shirley Community Library
407 William Floyd Parkway
Shirley, New York 11967

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mastics-Moriches-Shirley Community Library (the "Library") as of and for the year ended June 30, 2022, 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 Mastics-Moriches-Shirley Community Library, as of June 30, 2022, 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 Mastics-Moriches-Shirley Community 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mastics-Moriches-Shirley Community 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.

INDEPENDENT AUDITOR'S REPORT

(Continued)

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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Mastics-Moriches-Shirley Community 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mastics-Moriches-Shirley Community Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of changes in the Library's total OPEB liability and related ratios 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.

Certified Public Accountants
Stewart Manor, New York
November 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

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

- The first three columns of the financial statements include information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	June 30, 2022	June 30, 2021	Increase (Decrease)
Assets:			
Current assets	\$ 18,223	\$ 11,455	\$ 6,768
Net pension asset	981	0	981
Right to use assets	74	94	(20)
Capital assets	<u>14,747</u>	<u>6,518</u>	<u>8,229</u>
Total Assets	<u>34,025</u>	<u>18,067</u>	<u>15,958</u>
Deferred Outflows of Resources	<u>4,674</u>	<u>4,634</u>	<u>40</u>
Liabilities:			
Long-term debt	21,105	11,221	9,884
Other liabilities	<u>1,021</u>	<u>522</u>	<u>499</u>
Total Liabilities	<u>22,126</u>	<u>11,743</u>	<u>10,383</u>
Deferred Inflows of Resources	<u>7,430</u>	<u>5,507</u>	<u>1,923</u>
Net Position:			
Net investment in capital assets	3,721	6,518	(2,797)
Restricted	5,568	0	5,568
Unrestricted	<u>(146)</u>	<u>(1,067)</u>	<u>921</u>
Total Net Position	<u>\$ 9,143</u>	<u>\$ 5,451</u>	<u>\$ 3,692</u>
Revenue:			
Tax revenue	\$ 10,303	\$ 9,578	\$ 725
Contracts with other districts	263	256	7
Other revenue	<u>198</u>	<u>61</u>	<u>137</u>
Total Revenue	10,764	9,895	869
Expenses - Library services	<u>7,072</u>	<u>8,796</u>	<u>(1,724)</u>
Change in net position	3,692	1,099	2,593
Net Position - Beginning of Year	<u>5,451</u>	<u>4,352</u>	<u>1,099</u>
Net Position - End of Year	<u>\$ 9,143</u>	<u>\$ 5,451</u>	<u>\$ 3,692</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

The Library As A Whole

- The Library's net position increased by \$3,692,526 this year. The primary reason for this increase is detailed within the Statement of Activities on pages twelve through thirteen.
- The Library's primary source of revenue is from property taxes, which represents 96 percent of total revenue. In the prior year, property taxes represented 97 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 71 percent of the Library's total expenses (as per the Statement of Activities). In the prior year salaries and benefits represented 79 percent of total expenses.

The Library Funds:

Our analyses of the Library's major funds are included in the first three columns of pages 10 through 13 on the respective statements. The fund columns provide detailed information about the most significant funds – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently, the Library has two major funds, the General Fund and Capital Fund.

For the year ending June 30, 2022, the fund balance of the General Fund increased from \$5,679,888 to \$6,947,270. The fund balance of the Capital Fund increased from \$5,253,361 to \$10,264,320.

Budgetary Highlights:

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The Library received \$63,074 more revenue for contracts with other districts than anticipated. This revenue can fluctuate depending upon the number of residents from a neighboring unserved library district who sign up with the Mastics-Moriches-Shirley Community Library for service. Since this income is not guaranteed, the Library tends to budget conservatively for it.
- The Library received \$10,684 less interest income than anticipated. During the fiscal year, rates continued to remain lower than expected.
- In total, the salaries and wages budget section was underspent by \$370,201. The Library attributes this to: 1) Its voluntary separation program was offered to a select group of staff. This program provided a financial incentive if the qualifying staff member elected to separate from service. 2) The Library had some attrition and some positions that were not replaced during the year, and 3) there was an administrative position that was budgeted for that went unfilled for the entire year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Budgetary Highlights: (continued)

- The majority of the budget lines in the employee benefit budget section were underspent as a function of the unfilled positions and lower salaries that were paid, as mentioned above. However, the budget line for retirement was underspent because the NYS Retirement System provided an estimated bill that was 17% higher than the actual invoice received.
- The Library materials and programs budget section was underspent by \$369,417. For a large part of the year, the Library was focused on preparing for the closure and subsequent move out of the main building. As such, the Library did not want to accumulate additional media that in turn would need to be repacked and shipped to storage.
- In total, the Library operations budget section was underspent by \$1,060,000. This was primarily due to the favorable variance in the budget line for rent. Although the Library had planned on renting the Mastic Beach Branch property, in the prior year it instead decided to purchase the property. Ultimately, this property will be renovated and redeveloped to be the Library's first branch building. The budget line for promotion and publicity was overspent as a direct result of the Library's continual push of information to the community regarding its complex construction project. The budget line for conference and travel was underspent because many of the of the in-person conferences expected to be attended by staff and trustees were still not being offered as they were before the pandemic.
- In total, the budget section for professional fees was overspent by \$38,095. Both the budget lines for legal fees and for other professional fees were overspent because the Library required additional services to navigate through its multiple bond referendums. The budget line for payroll services were underspent because of the drop in staff head count mentioned on page 7.
- The budget line for electricity and for insurance were both overspent as the Library has begun to recognize costs associated with its new branch locations.
- The budget line for custodial supplies was underspent as the Library made a concerted effort to reduce its inventory levels in advance of its closure of the main building.
- The budget line for building improvements was overspent by \$1,683,528. This was due to not having budgeted for building improvements. The Library decided to not budget for various planning costs that were ultimately going to be classified as construction in progress.
- The budget line for furniture and equipment was underspent because its anticipated purchase of automated materials handling equipment did not occur.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Capital Assets:

During the fiscal year ending June 30, 2022 the Library purchased \$8,471,129 of fixed assets and \$10,099 of right to use assets (capital outlay). The majority of the expenditures (\$8,403,653) were for costs related to the building project. The remaining purchases were for the cargo van and computer equipment.

Debt Administration:

The only long-term debt that the Library has is to its employees for compensated absences, its lease liability, its bonds payable and its obligation for other post-employment benefits. The net pension liability reported in the prior year of \$12,607 reversed and became a net pension asset of \$980,520 at June 30, 2022. The liability for compensated absences at June 30, 2022 was \$510,485. This represents an increase of \$34,364 from the previous year. The Library also made principal payments of \$29,772 on its lease liability reducing the debt at June 30, 2022 to \$74,114. The obligation for other post-employment benefits at June 30, 2022 was \$9,493,930. This represents a decrease of \$1,144,677 from the previous year. During the fiscal year ending June 30, 2022 the Library received bond proceeds of \$11,500,000. The Library made its annual principal payment on its bond payable of \$555,000. This reduced the bonds payable to \$10,945,000 at June 30, 2022.

Currently Known Conditions:

The Library anticipates that the tax revenues for the 2022-2023 fiscal year will be \$10,303,000.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022

	General Fund	Capital Fund	Total	Adjustments (Note 17)	Statement of Net Position
Assets:					
Cash and cash equivalents	\$ 6,266,204	\$ 6,012,356	\$ 12,278,560	\$	\$ 12,278,560
Contract services receivable	263,074		263,074		263,074
Other receivables	17,599		17,599		17,599
Internal receivables	594,125		594,125	(594,125)	
Prepaid insurance	76,677		76,677		76,677
Other prepaid expense	13,400		13,400		13,400
Cash - restricted for construction		5,559,669	5,559,669		5,559,669
Investments - certificates of deposit	14,350		14,350		14,350
Net pension asset				980,520	980,520
Right to use assets				74,114	74,114
Capital assets, net of depreciation				14,747,283	14,747,283
Total Assets	<u>7,245,429</u>	<u>11,572,025</u>	<u>18,817,454</u>	<u>15,207,792</u>	<u>34,025,246</u>
Deferred Outflows of Resources:					
Deferred outflows on pension				1,884,657	1,884,657
Deferred outflows on OPEB				2,789,478	2,789,478
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,674,135</u>	<u>4,674,135</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,245,429</u>	<u>\$ 11,572,025</u>	<u>\$ 18,817,454</u>	<u>\$ 19,881,927</u>	<u>\$ 38,699,381</u>

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 17)</u>	<u>Statement of Net Position</u>
Liabilities:					
Accounts payable	\$ 99,014	\$ 713,580	\$ 812,594	\$	\$ 812,594
Internal payables		594,125	594,125	(594,125)	
Accrued payroll and related items	98,515		98,515		98,515
Accrued NYS retirement	100,630		100,630		100,630
Accrued interest payable				9,330	9,330
Non-current liabilities:					
Compensated absences payable				510,485	510,485
Obligation for other post-employment benefits				9,493,930	9,493,930
Lease liability				74,114	74,114
Unamortized bond premium				81,212	81,212
Bonds payable				10,945,000	10,945,000
Total Liabilities	<u>298,159</u>	<u>1,307,705</u>	<u>1,605,864</u>	<u>20,519,946</u>	<u>22,125,810</u>
Deferred Inflows of Resources:					
Deferred inflows on pension				3,487,981	3,487,981
Deferred inflows on OPEB				3,942,217	3,942,217
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,430,198</u>	<u>7,430,198</u>
Fund Balances/Net Position:					
Nonspendable (prepaid expenses)	90,077		90,077	(90,077)	
Restricted for construction		5,559,669	5,559,669	(5,559,669)	
Restricted for debt service		8,162	8,162	(8,162)	
Committed for specific purposes	2,554,000	3,093,000	5,647,000	(5,647,000)	
Assigned for capital projects		1,603,489	1,603,489	(1,603,489)	
Unassigned	4,303,193		4,303,193	(4,303,193)	
Total Fund Balance	<u>6,947,270</u>	<u>10,264,320</u>	<u>17,211,590</u>	<u>(17,211,590)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,245,429</u>	<u>\$ 11,572,025</u>	<u>\$ 18,817,454</u>		
Net Position:					
Net investment in capital assets				3,721,071	3,721,071
Restricted for construction				5,559,669	5,559,669
Restricted for debt service				8,162	8,162
Unrestricted				(145,529)	(145,529)
Total Net Position				<u>\$ 9,143,373</u>	<u>\$ 9,143,373</u>

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 17)</u>	<u>Statement of Activities</u>
Revenues:					
Tax revenue	\$ 10,303,030	\$	\$ 10,303,030	\$	\$ 10,303,030
Contracts with other districts	263,074		263,074		263,074
Fines and fees	3,481		3,481		3,481
Interest	7,016	19,960	26,976		26,976
State aid and grants	14,240	125,000	139,240		139,240
Copier and printer revenue	18,345		18,345		18,345
Program fees	2,393		2,393		2,393
Miscellaneous sales and other income	7,836		7,836		7,836
Total Revenues	<u>10,619,415</u>	<u>144,960</u>	<u>10,764,375</u>	<u>0</u>	<u>10,764,375</u>
Expenditures/Expenses For					
Library Services:					
Salaries and wages	3,512,294		3,512,294	31,922	3,544,216
Employee benefits	1,698,839		1,698,839	(252,483)	1,446,356
Library materials and programs	529,583		529,583		529,583
Library operations	594,039		594,039		594,039
Professional fees	185,090		185,090		185,090
Building operations	349,336		349,336		349,336
Capital outlay	1,761,103	6,720,125	8,481,228	(8,481,228)	
Depreciation				241,963	241,963
Amortization				29,772	29,772
Debt Service:					
Principal - Bonds	555,000		555,000	(555,000)	
Principal - Leases	29,772		29,772	(29,772)	
Interest	147,076		147,076	4,418	151,494
Total Expenditures/Expenses	<u>\$ 9,362,132</u>	<u>\$ 6,720,125</u>	<u>\$ 16,082,257</u>	<u>\$ (9,010,408)</u>	<u>\$ 7,071,849</u>

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 17)</u>	<u>Statement of Activities</u>
Excess (Deficiency) Of Revenues Over Expenditures	\$ 1,257,283	\$ (6,575,165)	\$ (5,317,882)	\$ 9,010,408	\$
Other Financing Sources:					
Lease proceeds	10,099		10,099	(10,099)	
Bond issuance proceeds		11,500,000	11,500,000	(11,500,000)	
Bond premium proceeds		86,124	86,124	(86,124)	
Total Other Financing Sources	<u>10,099</u>	<u>11,586,124</u>	<u>11,596,223</u>	<u>(11,596,223)</u>	
Excess (Deficiency) Of Revenues And Transfers Over Expenditures	1,267,382	5,010,959	6,278,341	<u>(6,278,341)</u>	
Change In Net Position				3,692,526	3,692,526
Fund balance/net position- beginning of year	<u>5,679,888</u>	<u>5,253,361</u>	<u>10,933,249</u>	<u>(5,482,402)</u>	<u>5,450,847</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 6,947,270</u>	<u>\$ 10,264,320</u>	<u>\$ 17,211,590</u>	<u>\$ (8,068,217)</u>	<u>\$ 9,143,373</u>

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Mastics-Moriches-Shirley Community Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- A management's Discussion and Analysis section providing an analysis of the Library's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library's activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

- A. Reporting Entity:** The Mastics-Moriches-Shirley Community Library coordinates the raising of its real estate tax revenues with the William Floyd Union Free School District. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management's control and disbursement of funds and maintenance of assets. The Library's management is solely responsible for day-to-day operations.
- B. Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-Wide Financial Statements: The Government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund governmental activity has been eliminated from the government-wide financial statements.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: **Summary of Significant Accounting Policies (continued)**

B. **Management Focus, Basis of Accounting and Financial Statement Presentation: (continued)**

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board and the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due.

The Library reports on the following funds:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

Capital Fund: This fund is established to account for resources devoted to construction and renovation of the Library.

- C.** **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 cash flow purposes. 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.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: **Summary of Significant Accounting Policies (continued)**

- D. Capital Assets:** Capital assets are defined by the Library as assets with an initial cost of \$2,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Library books and materials are not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5 years
Furniture and fixtures	7 to 15 years
Building and improvements	40 years

- E. Fund Balance Classifications:** The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a governmental entity must use for financial reporting purposes. They are as follows:

Nonspendable: This includes amounts that cannot be spent because they are either not in spendable form (i.e., inventories, prepaid expenses, etc.) or they are legally or contractually required to be maintained intact.

Restricted: This includes amounts with constraints placed on the use of resources. These constraints can be externally imposed by creditors, grantors, contributors, or imposed by laws and regulations.

Committed: This includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's Board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned: This includes amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. The Library Board is not required to impose or remove the constraint. Assignments of fund balance cannot be made if it would result in a negative unassigned fund balance.

Unassigned: This includes the residual classification for the Library's general fund. This classification represents fund balance that has not been assigned to other funds, assigned for specific purposes, restricted, or committed.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: **Summary of Significant Accounting Policies (continued)**

- F. Order of Use of Restricted/Unrestricted Net Position and Fund Balance:** When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first. Expenditures incurred from unrestricted resources are applied to committed fund balance as determined by the Board, then to assigned fund balance, and then to the unassigned fund balance.
- G. Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.
- H. Right to Use Assets:** The Library has recorded right to use lease assets as a result of implementing GASB No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.
- I. Investments:** The Library's investment policies are governed by State statutes and its own written investment policy. Permissible investments for the Library include special time deposit accounts, certificates of deposit as well as obligations of the United States of America and New York State.

NOTE 2: **Cash and Cash Equivalents**

The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3: Investments

Generally, fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the twelve months ended June 30, 2022. The Library recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the twelve months ended June 30, 2022. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2022 were determined based on:

	Quoted Prices		
	In Active	Significant	
	Markets For	Other	
	Identical	Observable	Total
	Assets	Inputs	Fair Market
	(Level 1)	(Level 2)	Value
Investment in Certificates of Deposit:			
Flushing Bank- matures 9/22/22 yielding .005%	\$ 0	\$ 14,350	\$ 14,350
Total Investment in Certificates of Deposit	\$ 0	\$ 14,350	\$ 14,350

NOTE 4: Concentration of Credit Risk

The Library maintains the majority of its cash balances at one bank. At year end, the Library's carrying amount of deposits was \$17,851,779 (exclusive of petty cash) and the bank balance was \$19,381,174. Of the bank balance, \$264,405 was covered by federal depository insurance. The remaining balance of \$19,116,769 was covered by collateral held by the Library's agent.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5: Capital Assets

A summary of changes in general fixed assets is as follows:

	Balance as of 7/1/2021	Additions	Adjustments & Deletions	Balance as of 6/30/2022
Assets not being depreciated:				
Land	\$ 262,072	\$ 0	\$ 0	\$ 262,072
Land improvements	125,201	0	0	125,201
Building, not placed in service	582,465	0	0	582,465
Construction in progress	1,900,898	8,403,653	0	10,304,551
Assets being depreciated:				
Building and improvements	7,636,190	0	0	7,636,190
Furniture and fixtures	1,101,295	0	0	1,101,295
Computer equipment	1,014,841	12,749	0	1,027,590
Other equipment	321,709	0	0	321,709
Automotive	15,800	54,727	0	70,527
Total	12,960,471	8,471,129	0	21,431,600
Accumulated depreciation	(6,442,354)	(241,963)	0	(6,684,317)
Net Book Value	\$ 6,518,117	\$ 8,229,166	\$ 0	\$ 14,747,283

NOTE 6: Right to Use Leased Assets

The Library has recorded two right to use leased assets for copier and postal equipment. The right to use assets are amortized over the term of their related leases and at the same rate as the lease payment schedules.

The following is a summary of the right to use asset activity for the year ended June 30, 2022:

	Balance as of 7/1/2021	Increases	Decreases	Balance as of 6/30/2022
Right to use assets:				
Leased copier equipment	\$ 142,111	\$ 0	\$ 0	\$ 142,111
Lease postage machine	0	10,099	0	10,099
Total	142,111	10,099	0	152,210
Less accumulated amortization for:				
Leased office equipment	(48,324)	(29,772)	0	(78,096)
Right to use assets, net	\$ 93,787	\$ (19,673)	\$ 0	\$ 74,114

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2022.

NOTE 8: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2022:

	Balance			Balance	Non-current Liabilities	
	7/1/2021	Increases	Reductions	6/30/2022	Due Within	Due After
					One Year	One Year
Compensated absences	\$ 476,121	\$ 34,364	\$ 0	\$ 510,485	\$ 0	\$ 510,485
Net pension liability	12,607	0	12,607	0	0	0
Lease liability	93,787	10,099	29,772	74,114	30,785	43,329
Bonds payable	0	11,500,000	555,000	10,945,000	480,000	10,465,000
Other post-employment benefits payable	10,638,607	0	1,144,677	9,493,930	0	9,493,930
	<u>\$ 11,221,122</u>	<u>\$ 11,544,463</u>	<u>\$ 1,742,056</u>	<u>\$ 21,023,529</u>	<u>\$ 510,785</u>	<u>\$ 20,512,744</u>

NOTE 9: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2022 for unused sick and vacation pay amounting to \$510,485. This is an increase of \$34,364 from the June 30, 2021 balance of \$476,121. The Library does not expect to pay any of this liability within the next twelve months.

NOTE 10: Change in Accounting Principle

Effective July 1, 2021, the Library adopted GASB No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use asset, thereby enhancing the relevance and consistency of information about its leasing activities. The Library retroactively adjusted its opening balances to record the liability and the right to use asset. However, there was no effect on the balance of the Library's opening net position.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11: Lease Liability

The Library entered into two lease agreements. The agreements qualify as other than a short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of inception.

The first agreement for copier equipment was executed on September 6, 2019 and requires 60 monthly payments of \$2,476. The lease liability is measured at a discount rate of 1.76%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$65,498 at June 30, 2022.

The second agreement for postage machine was executed on August 25, 2021 and requires 20 quarterly payments of \$518. The lease liability is measured at a discount rate of 1.00%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$8,616 at June 30, 2022.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2022, are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 30,785	\$ 1,000	\$ 31,785
2024	31,316	469	31,785
2025	9,441	60	9,501
2026	2,055	18	2,073
2027	517	2	519
Total	<u>\$ 74,114</u>	<u>\$ 1,549</u>	<u>\$ 75,663</u>

NOTE 12: Bonds Payable

In November 2021, the William Floyd Union Free School District, as custodian for the Library, closed on \$11,500,000 of serial bonds, which are being used to finance the Library renovation project. The bonds are payable in annual principal installments that range from \$480,000 to \$685,000 per year through June 2041. Interest on the bonds is paid semi-annually and the interest rates range from 2.0% to 2.25% over their term.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12: Bonds Payable (continued)

As of June 30, 2022, the Library's liability for the serial bonds is \$10,945,000. Future payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 480,000	\$ 223,919	\$ 703,919
2024	490,000	214,319	704,319
2025	500,000	204,519	704,519
2026	510,000	194,519	704,519
2027	520,000	184,319	704,319
2028 to 2032	2,750,000	761,594	3,511,594
2033 to 2037	3,035,000	475,494	3,510,494
2038 to 2041	<u>2,660,000</u>	<u>148,631</u>	<u>2,808,631</u>
Total	\$ <u>10,945,000</u>	\$ <u>2,407,314</u>	\$ <u>13,352,314</u>

NOTE 13: Net Unamortized Bond Premium

During 2021, when the School issued the serial bonds (mentioned in Note 12), it received a premium of \$86,124. The bond premium is being amortized over the life of the bond. The remaining unamortized bond premium as of June 30, 2022 is \$81,212.

NOTE 14: Funds Committed for Specific Purposes

A summary of changes in committed funds for the year ending June 30, 2022 is as follows:

	<u>Balance as of 7/1/2021</u>	<u>Funds Committed (Uncommitted)</u>	<u>Funds Expended</u>	<u>Balance as of 6/30/2022</u>
Funds Committed For:				
General Fund:				
Unused sick and vacation time	\$ 550,000	\$ 0	\$ 0	\$ 550,000
Other post-employment benefits	2,000,000	0	0	2,000,000
Unemployment	4,000	0	0	4,000
Capital Fund:				
Capital repairs	<u>3,093,000</u>	<u>0</u>	<u>0</u>	<u>3,093,000</u>
Total	\$ <u>5,647,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>5,647,000</u>

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: Retirement Plan

A. **Plan Description:** The Library participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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 System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

B. **Benefits Provided:** The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: **Retirement Plan (continued)**

B. **Benefits Provided: (continued)**

Tiers 1 and 2 (continued)

Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: **Retirement Plan (continued)**

B. **Benefits Provided: (continued)**

Tier 6 (continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: Retirement Plan (continued)

B. Benefits Provided: (continued)

Post-Retirement Benefit Increases (continued)

An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

- C. Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$567,794, for the 2021 fiscal year it was \$576,025, and for the 2020 fiscal year it was \$577,437.

- D. Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2022, the Library reported an asset of \$980,520 for its proportionate share of the net pension liability. The net pension asset was measured as of March 31, 2022, and the total pension asset was determined by an actuarial valuation as of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the Library's proportion was 0.0119947 percent, which was a decrease of .0006665 percent from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the Library recognized pension expense of \$14,619.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: Retirement Plan (continued)

D. Pension Assets, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: (continued)

At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflow of Resources</u>	<u>Inflow of Resources</u>
Differences between expected and actual experience	\$ 74,256	\$ 96,314
Changes in assumptions	1,636,378	27,612
Net difference between projected and actual earnings on pension plan investments	0	3,210,793
Changes in proportion and differences between employer contributions and proportionate share of contributions	73,393	153,262
Library's contributions subsequent to the measurement date	<u>100,630</u>	<u>0</u>
Total	<u>\$ 1,884,657</u>	<u>\$ 3,487,981</u>

\$100,630 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2023	\$ (272,127)
2024	(388,711)
2025	(860,707)
2026	(182,409)
2027	<u>0</u>
Total	<u>\$ (1,703,954)</u>

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: **Retirement Plan (continued)**

- E. Actuarial Assumptions:** The total pension asset at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation	2.70%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.40%

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-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension asset.

The actuarial assumptions used in the April 1, 2021 valuation are 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.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: **Retirement Plan (continued)**

E. **Actuarial Assumptions: (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.80%
Fixed income	23.00%	0.00%
Cash	1.00%	(1.00%)
Total	<u>100.00%</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%

Discount Rate – The discount rate used to measure the total pension liability (asset) was 5.9%. 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 those 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 asset.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15: Retirement Plan (continued)

E. Actuarial Assumptions: (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption – The following presents the current-period net pension liability (asset) of the Library, calculated using the current-period discount rate assumption of 5.9 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.9 percent) or 1 percentage-point higher (6.9 percent) than the current assumption:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Library's proportionate share of the net pension liability (asset)	\$ 2,523,848	\$ (980,520)	\$ (3,911,756)

Pension plan fiduciary net position – The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2022, in thousands of dollars was as follows:

	<u>Total</u>
Employers' total pension liability	\$ 223,874,888
Plan net position	<u>(232,049,473)</u>
Employers' net pension asset	<u>\$ (8,174,585)</u>
Ratio of plan net position to the Employers' total pension liability	103.65%

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16: Post-employment Benefits Other Than Pensions

- A. **Plan Description:** The New York State Department of Civil Service (DCS) administers the New York Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, and participating public authorities and local governmental units, such as the Mastics-Moriches-Shirley Community Library. NYSHIP offers comprehensive hospital, medical and prescription drug benefits. As administrator of NYSHIP, the DCS performs all administrative tasks and has the authority to establish and amend the benefit provisions offered. Annual benefit premiums charged to and paid by participating local governmental entities are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are then remitted to the health insurance carriers that comprise NYSHIP. NYSHIP is considered an agent multiple-employer defined benefit plan, it is not a separate entity or trust, and does not issue stand-alone financial statements. The Library, as a participant in the plan, recognizes these postemployment benefits on an accrual basis.
- B. **Benefits Provided:** Contribution requirements are determined by the Library Board. Currently, the Library will pay 100% of the amount for an individual policy premium and 50% for a family policy provided that upon termination/retirement of employment at the Library they have: 1) completed twenty years of employment at the Library, 2) continuously been covered through the Library's health insurance plan for five years up to the date of termination/retirement, and 3) have either terminated employment five years prior to being eligible for full retirement benefits or formally fully retired through the NYS Retirement System.

For the year ending June 30, 2022, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$176,633 as an expenditure in the General Fund. Mastics-Moriches-Shirley Community Library also reimburses qualifying retired employees and their spouses the full cost of part B Medicare deducted from their Social Security benefits, which amounted to \$61,263.

As of July 1, 2021, the following employees were covered by the benefit terms:

Active employees	30
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	<u>24</u>
Total	<u><u>54</u></u>

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16: Post-employment Benefits Other Than Pensions (continued)

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$9,493,930 was updated through June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

D. Actuarial Assumptions and Other Inputs:

Inflation Rate	2.00%
Participant Salary Increases	3.50%
Discount Rate	3.54%
2021 Medical Trend Rates (Pre-65/Post-65)	7.00% / 5.00%
2022 Medical Trend Rates (Pre-65/Post-65)	6.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	2025/2021

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2022.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted fully generational mortality table with projection scale MP-2021.

E. Changes in The Total OPEB Liability:

Balance at June 30, 2021	\$ 10,638,607
Changes for the year:	
Service cost	398,567
Interest	258,606
Changes in benefit terms	0
Differences between expected and actual experience	1,252,951
Changes in assumptions and other inputs	(2,791,473)
Benefit payments	(263,328)
Net changes	(1,144,677)
Balance at June 30, 2022	\$ 9,493,930

Note: For the purpose of calculating this liability, there have been no plan changes. The assumption changes were the updating of the pre-65 healthcare cost trend rates and the mortality improvement scale. The discount rate was 2.16% at June 30, 2021 and was 3.54% at June 30, 2022.

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16: Post-employment Benefits Other Than Pensions (continued)

E. Changes in The Total OPEB Liability: (continued)

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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 11,296,844	\$ 9,493,930	\$ 8,057,086

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 a healthcare cost trend rates that are 1 percentage point lower (5.50% decreasing to 4.00%) or 1 percentage point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (5.50% Decreasing to 4.00%)	Healthcare Cost Trend Rate (6.50% Decreasing to 5.00%)	1% Increase (7.50% Decreasing to 6.00%)
Total OPEB Liability	\$ 7,798,091	\$ 9,493,930	\$ 11,741,037

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16: Post-employment Benefits Other Than Pensions (continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB: For the year ending June 30, 2022, the Library recognized OPEB expense of \$520,317. At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 1,115,566	\$ 1,236,101
Changes in assumptions	<u>1,673,912</u>	<u>2,706,116</u>
Total	<u>\$ 2,789,478</u>	<u>\$ 3,942,217</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to post-employment benefits other than pensions will be recognized in other post-employment benefits expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2023	\$ (136,856)
2024	(136,856)
2025	(136,856)
2026	(136,856)
2027	(125,237)
Thereafter	<u>(480,078)</u>
Total	<u>\$ (1,152,739)</u>

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

Total Fund Balance - Modified Accrual Basis **\$ 17,211,590**

Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds 14,747,283
- Net pension assets are not financial resources, and are not reported in the funds 980,520
- Right to use assets are not financial resources, and are not reported in the funds 74,114
- Deferred outflows on pension is not reported in the funds 1,884,657
- Deferred outflows on OPEB is not reported in the funds 2,789,478
- Interest expense on the bond liability is not accrued in the funds (9,330)
- Compensated absences are included as a liability (510,485)
- Lease liability payments due in future periods are not reported in the funds (74,114)
- Deferred inflows on pension is not reported in the funds (3,487,981)
- Deferred inflows on OPEB is not reported in the funds (3,942,217)
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (9,493,930)
- Net bond premium to be recognized in future periods is not reported in the funds (81,212)
- Bonds payable in future periods are not reported in the funds (10,945,000)

Total Net Position - Full Accrual Basis **\$ 9,143,373**

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (continued)

Net Change in Fund Balance - Modified Accrual Basis **\$ 6,278,341**

Amounts reported in the statement of activities are different because:

- Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives:

Capital outlay	8,471,129
Right to use assets (lease contracts entered)	10,099
Depreciation expense	(241,963)
Amortization expense	(29,772)
- (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:

Compensated absences	(34,364)
Interest on bonds payable	(9,330)
Net pension expenses	511,914
Post-employment health costs	(256,989)
- Bond and premium proceeds are reported as other financing sources in the funds whereas in the statement of activities these proceeds are omitted:

Bond proceeds	(11,500,000)
Bond premium	(86,124)
- Net bond premium is reported as an income in the statement of fund revenues, expenditures, and changes in fund balance when received; in the statement of activities, these costs are amortized over the bond term and reflected as a decrease in interest expense

	4,912
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- Lease proceeds are reported as other financing sources in the funds whereas in the statement of activities these proceeds are omitted

	(10,099)
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- Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability:

Principal paid on bond payable	555,000
Principal paid on lease liability	<u>29,772</u>

Change in Net Position - Full Accrual Basis **\$ 3,692,526**

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Revenue:				
Tax revenue - general operations	\$ 9,578,000	\$ 9,578,000	\$ 9,578,030	\$ 30
Tax revenue - debt service	725,000	725,000	725,000	0
Total Tax Revenues	<u>10,303,000</u>	<u>10,303,000</u>	<u>10,303,030</u>	<u>30</u>
Operating Revenue:				
Contracts with other districts	200,000	200,000	263,074	63,074
Fines and fees	1,000	1,000	3,481	2,481
Interest	18,000	18,000	7,016	(10,984)
State aid and grants	10,000	10,000	14,240	4,240
Copier and printer revenue	16,000	16,000	18,345	2,345
Program fees	5,000	5,000	2,393	(2,607)
Miscellaneous sales and other income	0	0	7,836	7,836
Total Operating Revenue	<u>250,000</u>	<u>250,000</u>	<u>316,385</u>	<u>66,385</u>
Total Revenues	<u>\$ 10,553,000</u>	<u>\$ 10,553,000</u>	<u>\$ 10,619,415</u>	<u>\$ 66,415</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 1,581,715	\$ 1,581,715	\$ 1,465,743	\$ 115,972
Clerical	906,176	906,176	850,146	56,030
Pages	384,254	384,254	302,630	81,624
Custodial	281,938	281,938	238,279	43,659
Security	202,013	202,013	224,213	(22,200)
Technical	114,988	114,988	109,249	5,739
Administrative	411,411	411,411	322,034	89,377
Total Salaries and wages	<u>3,882,495</u>	<u>3,882,495</u>	<u>3,512,294</u>	<u>370,201</u>
Employee Benefits:				
Retirement	638,156	638,156	526,476	111,680
Social security	300,000	300,000	257,044	42,956
Health insurance	840,000	840,000	834,345	5,655
Disability insurance	20,000	20,000	15,352	4,648
Unemployment insurance	4,850	4,850	2,574	2,276
Workers compensation	61,500	61,500	63,048	(1,548)
Total Employee Benefits	<u>\$ 1,864,506</u>	<u>\$ 1,864,506</u>	<u>\$ 1,698,839</u>	<u>\$ 165,667</u>

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Library Materials and Programs:				
Books - adult	\$ 150,000	\$ 150,000	\$ 75,790	\$ 74,210
Books - C&P	70,000	70,000	47,275	22,725
Books - lit	500	500	0	500
Books - teen	22,000	22,000	43,713	(21,713)
Books - tech	400	400	3,642	(3,242)
Microforms and C.D. - adult	45,000	45,000	29,618	15,382
Microforms and C.D. - C&P	15,000	15,000	17,556	(2,556)
Microforms and C.D. - teen	15,000	15,000	11,545	3,455
Recordings - adult	40,000	40,000	6,914	33,086
Recordings - C&P	10,000	10,000	3,934	6,066
Recordings - teen	10,000	10,000	3,879	6,121
Periodicals - adult	33,000	33,000	6,242	26,758
Periodicals - C&P	5,000	5,000	0	5,000
Periodicals - adm	500	500	0	500
Periodicals - gen	500	500	0	500
Periodicals - teen	1,500	1,500	0	1,500
Periodicals - wires	150	150	0	150
Periodicals - tech	150	150	0	150
Videos - adult	90,000	90,000	15,757	74,243
Videos - C&P	15,000	15,000	3,314	11,686
Videos - lit	150	150	0	150
Videos - teen	6,000	6,000	3,598	2,402
Software - wires	11,000	11,000	5,651	5,349
Software - gen	25,000	25,000	36,819	(11,819)
Software - teen	1,000	1,000	0	1,000
Software - tech	1,500	1,500	3,025	(1,525)
Other materials	1,000	1,000	0	1,000
Realia	3,650	3,650	130	3,520
Programs - adult	66,000	66,000	45,093	20,907
Programs - C&P	105,000	105,000	60,195	44,805
Programs - digital	10,000	10,000	10,404	(404)
Programs - lit	85,000	85,000	74,360	10,640
Programs - teen	60,000	60,000	21,129	38,871
Total Library Materials and Programs	\$ 899,000	\$ 899,000	\$ 529,583	\$ 369,417

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Library Operations:				
Office, library and computer supplies	\$ 57,000	\$ 57,000	\$ 61,945	\$ (4,945)
Telecommunications	57,500	57,500	39,566	17,934
Printing	82,500	82,500	95,722	(13,222)
Promotion and publicity	100,000	100,000	171,467	(71,467)
Postage	52,000	52,000	33,879	18,121
Contracts	91,000	91,000	89,348	1,652
Repair and maintenance - circulation system	45,000	45,000	43,525	1,475
Other rent, repair and maintenance costs	87,250	87,250	39,660	47,590
Conference, education and travel	78,750	78,750	14,256	64,494
Dues	4,500	4,500	2,304	2,196
Rent	999,500	999,500	0	999,500
Miscellaneous	0	0	2,367	(2,367)
Total Library Operations	<u>1,655,000</u>	<u>1,655,000</u>	<u>594,039</u>	<u>1,060,961</u>
Professional Fees:				
Accounting and auditing fees	23,500	23,500	23,000	500
Payroll services	22,000	22,000	15,452	6,548
Legal fees	73,995	73,995	87,843	(13,848)
Other professional fees	27,500	27,500	58,795	(31,295)
Total Professional Fees	<u>146,995</u>	<u>146,995</u>	<u>185,090</u>	<u>(38,095)</u>
Building Operations:				
Electricity	136,500	136,500	141,868	(5,368)
Fuel/gas	18,000	18,000	18,329	(329)
Water	1,275	1,275	2,337	(1,062)
Building repairs and maintenance	83,800	83,800	85,590	(1,790)
Insurance	75,000	75,000	90,130	(15,130)
Custodial supplies	30,009	30,009	7,947	22,062
Cartage	3,420	3,420	3,135	285
Total Building Operations	<u>\$ 348,004</u>	<u>\$ 348,004</u>	<u>\$ 349,336</u>	<u>\$ (1,332)</u>

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

**MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Capital Outlay:				
Building improvements	\$ 0	\$ 0	\$ 1,683,528	\$ (1,683,528)
Furniture and equipment	1,032,000	1,032,000	67,476	964,524
Right to use assets	0	0	10,099	(10,099)
Total Capital Outlay	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,761,103</u>	<u>(729,103)</u>
Debt Service:				
Principal - bond			555,000	
Interest - bond			145,581	
Principal - leases			29,772	
Interest - leases			1,495	
Total Capital Outlay	<u>725,000</u>	<u>725,000</u>	<u>731,848</u>	<u>(6,848)</u>
Total Expenditures	<u>10,553,000</u>	<u>10,553,000</u>	<u>9,362,132</u>	<u>1,190,868</u>
Excess Of Revenues Over Expenditures	0	0	1,257,283	1,257,283
Other Financing Sources (Uses):				
Lease proceeds	<u>0</u>	<u>0</u>	<u>10,099</u>	<u>10,099</u>
Excess Of Revenues And Other Financing Sources Over Expenditures	0	0	1,257,283	1,257,283
Budgetary fund balance- beginning of year	<u>5,679,888</u>	<u>5,679,888</u>	<u>5,679,888</u>	<u>5,679,888</u>
Budgetary Fund Balance- End Of Year	<u>\$ 5,679,888</u>	<u>\$ 5,679,888</u>	<u>\$ 6,937,171</u>	<u>\$ 6,937,171</u>

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2022 FISCAL YEAR**

	<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 liability (asset)	0.01199%	0.01266%	0.01392%	0.01456%	0.01147%	0.01573%	0.01600%	0.01658%
Library's proportionate share of the net pension liability (asset)	\$ (980,520)	\$ 12,607	\$ 3,687,379	\$ 1,031,647	\$ 473,586	\$ 1,477,908	\$ 2,567,764	\$ 560,264
Library's covered-employee payroll	\$ 3,451,791	\$ 3,966,530	\$ 4,010,622	\$ 3,973,252	\$ 4,063,008	\$ 4,221,728	\$ 4,099,172	\$ 4,128,076
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(28.406%)	0.318%	91.940%	25.965%	11.656%	35.007%	62.641%	13.572%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

** The amounts presented for the fiscal year were determined as of the March 31st that occurred within the fiscal year.

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2022 FISCAL YEAR

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 567,794	\$ 576,025	\$ 577,437	\$ 586,009	\$ 602,796	\$ 632,843	\$ 731,805	\$ 822,691
Contributions in relation to the contractually required contribution	<u>567,794</u>	<u>576,025</u>	<u>577,437</u>	<u>586,009</u>	<u>602,796</u>	<u>632,843</u>	<u>731,805</u>	<u>822,691</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 3,451,791	\$ 3,966,530	\$ 4,010,622	\$ 3,973,252	\$ 4,063,008	\$ 4,221,728	\$ 4,099,172	\$ 4,128,076
Contributions as a percentage of covered-employee payroll	16.45%	14.52%	14.40%	14.75%	14.84%	14.99%	17.85%	19.93%

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

MASTICS-MORICHES-SHIRLEY COMMUNITY LIBRARY
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 398,567	\$ 554,855	\$ 395,206	\$ 349,167	\$ 373,112
Interest	258,606	229,720	275,285	329,566	303,598
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	1,252,951	0	(1,797,116)	0	0
Changes in assumptions or other inputs	(2,791,473)	97,759	1,814,887	612,284	(453,071)
Benefit payments	<u>(263,328)</u>	<u>(166,001)</u>	<u>(139,810)</u>	<u>(166,323)</u>	<u>(162,153)</u>
Net Change in total OPEB liability	(1,144,677)	716,333	548,452	1,124,694	61,486
Total OPEB liability- beginning	<u>10,638,607</u>	<u>9,922,274</u>	<u>9,373,822</u>	<u>8,249,128</u>	<u>8,187,642</u>
Total OPEB liability- ending	\$ <u><u>9,493,930</u></u>	\$ <u><u>10,638,607</u></u>	\$ <u><u>9,922,274</u></u>	\$ <u><u>9,373,822</u></u>	\$ <u><u>8,249,128</u></u>
Covered-employee payroll	\$ 2,139,210	\$ 2,306,250	\$ 2,250,000	\$ 2,743,085	\$ 2,676,181
Total OPEB liability as a % of covered-employee payroll	443.81%	461.29%	440.99%	341.73%	308.24%

Notes to schedule:

Changes of benefit terms: None

Changes of assumptions:

Discount rate	3.54%	2.16%	2.21%	3.50%	3.13%
Mortality Improvement Scale	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	7.0% down to 5.0%	7.0% down to 4.5%	7.5% down to 4.5%	8.5% down to 5.0%	9.0% down to 5.0%

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