

OCEANSIDE LIBRARY
FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION

JUNE 30, 2018

OCEANSIDE LIBRARY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	3-4
Management's Discussion and Analysis	5-9
Basic Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	10-11
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	12
Notes to Financial Statements	13-33
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	34-36
Schedule of Proportionate Share of the Net Pension Liability	37
Schedule of Library Pension Contributions	38
Schedule of Changes in the Library's Total OPEB Liability and Related Ratios	39

BALDESSARI & COSTER LLP

Certified Public Accountants
84 Covert Avenue
Stewart Manor, New York 11530

Kevin Baldessari, C.P.A.
Albert Coster, C.P.A.
Edward Schlomann, C.P.A.

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THE NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

(516) 326-2582
Fax # (516) 358-7626

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Oceanside Library
30 Davison Avenue
Oceanside, New York 11572

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Oceanside Library as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)


Opinions

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 Oceanside Library, as of June 30, 2018, 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.

Other Matters

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 on pages 5 through 9 and 34 through 39 be presented to supplement the basic financial statements. Such information, 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
September 19, 2018

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 these 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:

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017**</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 3,511	\$ 3,595	\$ (84)
Capital assets	<u>3,350</u>	<u>3,495</u>	<u>(145)</u>
Total Assets	<u>6,861</u>	<u>7,090</u>	<u>(229)</u>
Deferred Outflows of Resources	<u>701</u>	<u>532</u>	<u>169</u>
Liabilities:			
Long-term debt	5,919	6,299	(380)
Other liabilities	<u>179</u>	<u>191</u>	<u>(12)</u>
Total Liabilities	<u>6,098</u>	<u>6,490</u>	<u>(392)</u>
Deferred Inflows of Resources	<u>602</u>	<u>205</u>	<u>397</u>
Net Position:			
Net investment in capital assets	1,280	1,210	70
Restricted for debt service	601	582	19
Unrestricted	<u>(1,019)</u>	<u>(865)</u>	<u>(154)</u>
Total Net Position	<u>\$ 862</u>	<u>\$ 927</u>	<u>\$ (65)</u>
Revenue:			
Tax revenues	\$ 4,492	\$ 4,409	\$ 83
State aid and grants	38	11	27
Other revenue	<u>44</u>	<u>50</u>	<u>(6)</u>
Total Revenue	4,574	4,470	104
Expenses - Library Services	<u>4,639</u>	<u>4,809</u>	<u>(170)</u>
Change in net position	(65)	(339)	274
Net position- beginning of year	<u>927</u>	<u>1,266</u>	<u>(339)</u>
Net Position - End of Year	<u>\$ 862</u>	<u>\$ 927</u>	<u>\$ (65)</u>

** Restated for opening balance adjustments identified in footnote 13.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Library As A Whole

- The Library's net position decreased by \$64,694 this year. In an effort to keep the tax burden as low as possible, the Library planned on using some of its accumulated surplus to meet its current year expenditures.
- The Library's primary source of revenue is from property taxes, which represents 98 percent of total revenue. In the prior year, property taxes represented 99 percent of total revenue.
- Salaries and employee benefits continue to be a significant expense of the Library, representing 75 percent of the Library's total expenses (as per the Statement of Activities). In the prior year salaries and employee benefits represented 76 percent of total expenses.

The Library Funds:

Our analyses of the Library's funds are included in the first three columns of pages ten through twelve 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's funds consist of the General Fund and the Debt Service Fund.

The fund balance of the General Fund decreased during the year from \$2,869,982 to \$2,790,753. The fund balance of the Debt Service Fund increased from \$581,960 to \$586,374. Statements detailing the revenues and expenditures for both of these funds are included in this report.

Budgetary Highlights:

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

- In total, the unfavorable budget variance for Library revenues was \$172,883. This was not significantly different from the \$180,000 shortfall that the Library had anticipated when it approved its 2017/2018 budget. The Library used this budget shortfall as a mechanism to return to the taxpayers some of the Library surplus that had been built up over the past few years.
- The favorable variance in the budget line for State aid and grants was due to receiving an unanticipated grant from a charitable foundation. The Library budgets conservatively for this revenue because it is not a guaranteed source of income.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- In total, the salaries and wages budget section was only underspent by \$25,395 or 1.12%. It is difficult to budget on an individual salary line basis because of staff transitioning in and out of employment with the Library, the changing of staff titles during the year and the use of part-time and per diem employees.
- The budget line for workers' compensation insurance was overspent by \$21,196. Due to submitting a number of claims for on-the-job accidents and injuries the Library was denied coverage by their insurer and forced to go to another that charged higher premiums.
- The budget line for books was underspent because many of the items that were purchased in an online or computerized format were not duplicated in the print format. The public's desire for expensive reference materials in the print format has declined since the information within the electronic databases is much more current.
- The budget line for media was underspent because fewer copies of each title were purchased. DVD circulation has been decreasing due to the ability of patrons to stream movies.
- The budget line for databases (electronic searching) was underspent because the Library reduced the number of databases that it purchased.
- The budget line for computer network maintenance was underspent because the Library did not purchasing a number of new computers and licensing agreements as had been planned.
- The budget line for utilities was underspent by \$19,736. The Library attributes this to the energy efficient improvements that have been made to the HVAC system and the installation of LED lighting.
- The budget line for insurance was underspent because the Library's insurance broker was able to find lower cost premiums for coverage on the building.
- The budget line for repair to building equipment and grounds was overspent by \$49,712. At the time of budget preparation, the Library tries to anticipate which items may potentially require repairs. Unfortunately, more HVAC and roof repairs were required than expected.

Capital Assets:

During the fiscal year, the Library purchased \$21,580 of fixed assets (capital outlay). Expenditures were primarily for a new fire alarm panel and LED lighting.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Debt Administration:

Long term debt consisted of bonds payable, the debt that the Library had to its employees for unused sick, vacation and compensatory time (compensated absences), its net pension liability and its obligation for other post-employment benefits. During the fiscal year ending June 30, 2018, the Library made its annual principal payment on its bond payable in the amount of \$215,000. This reduced the bonds payable from \$2,285,000 at June 30, 2017 to \$2,070,000 at June 30, 2018. Interest, which is paid two times per year, totaled \$93,106. The liability for compensated absences at June 30, 2018 was \$96,629. This represents a decrease of \$61,361 from the previous year. The net pension liability decreased from \$423,219 to \$152,505 during the fiscal year. The obligation for other post-employment benefits at June 30, 2018 was \$3,600,166. This represents an increase of \$167,907 from the previous year.

Currently Known Conditions:

The anticipated tax revenues for the 2018-2019 fiscal year will be \$4,623,742. This represents a 2.9% increase as compared to the 2017-2018 fiscal year budget.

**OCEANSIDE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Net Position</u>
Assets:					
Cash and cash equivalents					
Checking	\$ 1,969,337	\$	\$ 1,969,337	\$	\$ 1,969,337
Money market/savings	909,474		909,474		909,474
Petty cash	700		700		700
Total cash and cash equivalents	<u>2,879,511</u>	<u>0</u>	<u>2,879,511</u>	<u>0</u>	<u>2,879,511</u>
Prepaid insurance	36,336		36,336		36,336
Other prepaid expenses	2,471		2,471		2,471
Deposits	7,200		7,200		7,200
Restricted cash and investments (note 3)		586,374	586,374		586,374
Capital assets, net of depreciation (note 4)				3,349,831	3,349,831
Total Assets	<u>2,925,518</u>	<u>586,374</u>	<u>3,511,892</u>	<u>3,349,831</u>	<u>6,861,723</u>
Deferred Outflows Of Resources:					
Deferred outflows on pension	<u>0</u>	<u>0</u>	<u>0</u>	<u>700,792</u>	<u>700,792</u>
Total Assets And Deferred Outflows Of Resources	<u>\$ 2,925,518</u>	<u>\$ 586,374</u>	<u>\$ 3,511,892</u>	<u>\$ 4,050,623</u>	<u>\$ 7,562,515</u>

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

**OCEANSIDE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Net Position</u>
Liabilities:					
Accounts payable	\$ 30,037	\$	\$ 30,037	\$	\$ 30,037
Accrued payroll	29,430		29,430		29,430
Accrued NYS retirement	75,298		75,298		75,298
Accrued interest on bonds payable				44,134	44,134
Non-current liabilities:					
Compensated absences payable				96,629	96,629
Obligation for other post-employment benefits				3,600,166	3,600,166
Net pension liability				152,505	152,505
Bonds payable, within one year				220,000	220,000
Bonds payable, due after one year				1,850,000	1,850,000
Total Liabilities	<u>134,765</u>	<u>0</u>	<u>134,765</u>	<u>5,963,434</u>	<u>6,098,199</u>
Deferred Inflows of Resources:					
Deferred inflows on OPEB				114,289	114,289
Deferred inflows on pension				487,483	487,483
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>601,772</u>	<u>601,772</u>
Fund Balances/Net Position:					
Nonspendable (deposit & prepaid amounts)	46,007		46,007	(46,007)	
Restricted for technology	14,359		14,359	(14,359)	
Restricted for debt service		586,374	586,374	(586,374)	
Assigned for 2018-2019 budget	120,000		120,000	(120,000)	
Assigned for specific purposes (note 9)	1,128,512		1,128,512	(1,128,512)	
Unassigned	1,481,875		1,481,875	(1,481,875)	
Total Fund Balance	<u>2,790,753</u>	<u>586,374</u>	<u>3,377,127</u>	<u>(3,377,127)</u>	
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	<u>\$ 2,925,518</u>	<u>\$ 586,374</u>	<u>\$ 3,511,892</u>		
Net Position:					
Net investment in capital assets				1,279,831	1,279,831
Restricted for technology				14,359	14,359
Restricted for debt service				586,374	586,374
Unrestricted				(1,018,020)	(1,018,020)
Total Net Position				<u>\$ 862,544</u>	<u>\$ 862,544</u>

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

**OCEANSIDE LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Activities</u>
Revenues:					
Tax revenues	\$ 4,492,352	\$	\$ 4,492,352	\$	\$ 4,492,352
State aid and grants	37,599		37,599		37,599
Fines, fees and material reimbursements	19,678		19,678		19,678
E-rate reimbursement	4,858		4,858		4,858
Payments in lieu of taxes	6,521		6,521		6,521
Investment income	3,445	5,030	8,475		8,475
Sale of books, supplies, etc.	4,896		4,896		4,896
Gifts and donations	120		120		120
Total Revenues	<u>4,569,469</u>	<u>5,030</u>	<u>4,574,499</u>	<u>0</u>	<u>4,574,499</u>
Expenditures/Expenses For					
Library Services:					
Salaries and wages	2,244,423		2,244,423	(57,000)	2,187,423
Employee benefits	1,171,628		1,171,628	121,197	1,292,825
Library services	483,393		483,393		483,393
Administrative operations	184,069		184,069		184,069
Building operations	232,995		232,995		232,995
Capital outlay	21,580		21,580	(21,580)	
Depreciation				167,099	167,099
Debt service:					
Principal	215,000		215,000	(215,000)	
Interest	93,106		93,106	(4,837)	88,269
Bond and administrative fees	3,120		3,120		3,120
Total Expenditures/Expenses	<u>4,649,314</u>	<u>0</u>	<u>4,649,314</u>	<u>(10,121)</u>	<u>4,639,193</u>
Excess (Deficiency) Of Revenues Over Expenditures	(79,845)	5,030	(74,815)	10,121	
Other Financing Sources/Uses:					
Transfers- internal activities	616	(616)	0		
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	(79,229)	4,414	(74,815)	74,815	
Change In Net Position				(64,694)	(64,694)
Fund balance/net position- beginning of year	<u>2,869,982</u>	<u>581,960</u>	<u>3,451,942</u>	<u>(2,524,704)</u>	<u>927,238</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 2,790,753</u>	<u>\$ 586,374</u>	<u>\$ 3,377,127</u>	<u>\$ (2,514,583)</u>	<u>\$ 862,544</u>

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

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Oceanside 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 Oceanside Library coordinates the raising of its real estate tax revenues with the Oceanside 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.

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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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.

Debt Service Fund: This fund is used to account for the accumulation of resources for the payment of the Library's bonds payable.

- C. Budgetary Accounting:** Formal budgetary accounting is employed as a management control of the general fund. Expenditures are compared to actual results in the report.
- D. 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 may loan 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.
- E. Cash and Cash equivalents:** The Library has defined cash and cash equivalents to include demand deposits, and short-term investments with a maturity of three months or less.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

F. 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.

G. 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.

H. 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

- 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 and obligations of the United States of America.
- J. Capital Assets:** Capital assets are defined by the Library as assets with an initial cost of \$1,000 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:

Buildings and improvements	39 years
Furniture and fixtures	7 to 20 years
Equipment	5 years

NOTE 2: **Concentration of Credit Risk**

The Library maintains its cash balances at several banks. At year end, the Library's carrying amount of deposits was \$2,878,811 (excludes petty cash and restricted cash) and the bank balance was \$2,957,954. Of the bank balance, \$719,038 was covered by federal depository insurance. The remaining balance of \$2,238,916 was covered by collateral held by the Library's agent.

NOTE 3: **Restricted Cash and Investments**

In order to finance its construction project, the Library issued tax exempt bonds (see note 7). As part of the agreement with the Dormitory Authority of New York State (DASNY) the Library is required to maintain cash reserves for debt service in an account at BNY Mellon. Expenditures from these funds can only be made by the trustee with the approval of the Dormitory Authority.

These funds are primarily invested in cash and short-term Treasury obligations. Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: Restricted Cash and Investments (Continued)

There were no changes in valuation techniques in the year ended June 30, 2018. 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 for the year ended June 30, 2018.

Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2018 were determined based on:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Market Value	Total Cost
Restricted Cash:				
Cash held at BNY Mellon	\$ 265,377	\$ 0	\$ 265,377	\$ 264,460
Investments:				
US Treasury Bill maturing on 10/25/18	320,997	0	320,997	320,478
Total Restricted Cash and Investments	\$ 586,374	\$ 0	\$ 586,374	\$ 584,938

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: Capital Assets

A summary of changes in general fixed assets for the year ending June 30, 2018 is as follows:

	Balance as of 7/1/2017	Additions	Deletions and Adjustments	Balance as of 6/30/2018
Assets not being depreciated:				
Land	\$ 194,748	\$ 0	\$ 0	\$ 194,748
Construction in progress	17,772	0	0	17,772
Other capital assets:				
Building and improvements	5,798,664	21,580	0	5,820,244
Furniture and fixtures	546,741	0	0	546,741
Equipment	192,342	0	0	192,342
Total	6,750,267	21,580	0	6,771,847
Accumulated depreciation	<u>(3,254,917)</u>	<u>(167,099)</u>	<u>0</u>	<u>(3,422,016)</u>
Net Book Value	<u>\$ 3,495,350</u>	<u>\$ (145,519)</u>	<u>\$ 0</u>	<u>\$ 3,349,831</u>

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2018.

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2018 for unused sick, vacation and compensatory time due to its employees in the amount of \$96,629. This is a decrease of \$61,361 from the June 30, 2017 balance of \$157,990. Of this total liability, \$0 is expected to be paid within one year.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Bonds Payable

In August 1995, the Library, under the auspices of the Dormitory Authority of New York State closed on a \$4,900,000 bond issue. The proceeds were used to finance the Library's expansion and renovation costs. In July 2005, the bonds were refinanced with a new bond issue in the amount of \$4,240,000. The new interest rates range from 3% to 5% over the repayment term. The bonds remain payable until July 1, 2025.

As of June 30, 2018 the Library's liability for bonds payable is \$2,070,000. Future payments are as follows:

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total Payments
2019	\$ 220,000	\$ 83,319	\$ 303,319
2020	235,000	73,081	308,081
2021	245,000	62,894	307,894
2022	255,000	52,894	307,894
2023	265,000	42,328	307,328
2024-2026	850,000	50,243	900,243
Total	\$ 2,070,000	\$ 364,759	\$ 2,434,759

NOTE 8: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2018:

	Balance			Non-current liabilities		
	7/1/2017	Increases	Reductions	Balance 6/30/2018	Due within one year	Due after one year
Compensated absences	\$ 157,990	\$ 0	\$ 61,361	\$ 96,629	\$ 0	\$ 96,629
Net pension liability	423,219		270,714	152,505	0	152,505
General obligation bonds	2,285,000	0	215,000	2,070,000	220,000	1,850,000
Other post-employment benefits payable	3,432,259	167,907	0	3,600,166	0	3,600,166
Total	\$ 6,298,468	\$ 167,907	\$ 547,075	\$ 5,919,300	\$ 220,000	\$ 5,699,300

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: Funds Assigned For Specific Purposes

A summary of changes in assigned funds for the year ending June 30, 2018 is as follows:

Funds Assigned For:	Balance as of 7/1/2017	Funds Assigned (Unassigned)	Funds Expended	Balance as of 6/30/2018
Special project fund	\$ 4,883	\$ 0	\$ 0	\$ 4,883
Unemployment	14,155	0	0	14,155
Other post-employment benefits	301,178	100,848	0	402,026
Sick and vacation payouts	264,624	450	(110,737)	154,337
Emergency building fund	343,058	358	0	343,416
Technology and projects	309,016	(99,321)	0	209,695
Total	<u>\$ 1,236,914</u>	<u>\$ 2,335</u>	<u>\$ (110,737)</u>	<u>\$ 1,128,512</u>

NOTE 10: 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, 2014, he was elected for a new term commencing January 1, 2015. 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. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10: **Retirement Plan: (Continued)**

- 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.

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 and 4 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. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 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.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Retirement Plan: (Continued)

B. Benefits Provided: (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 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 10 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 10 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.

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 10 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10: Retirement Plan: (Continued)

B. Benefits Provided: (Continued)

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.

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 \$304,864, for the 2017 fiscal year it was \$293,887, and for the 2016 fiscal year it was \$313,213.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Retirement Plan: (Continued)

D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: At June 30, 2018, the Library reported a liability of \$152,505 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability 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, 2018, the Library's proportion was 0.0047253 percent, which was an increase of .0002212 percent from its proportion measured at June 30, 2017.

For the year ended June 30, 2018, the Library recognized pension expense of \$283,944.

At June 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 54,394	\$ 44,949
Changes in assumptions	101,123	0
Net difference between projected and actual earnings on pension plan investments	221,501	437,222
Changes in proportion and differences between employer contributions and proportionate share of contributions	248,476	5,312
Library's contributions subsequent to the measurement date	<u>75,298</u>	<u>0</u>
Total	<u>\$ 700,792</u>	<u>\$ 487,483</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Retirement Plan: (Continued)

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

\$75,298 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 liability in the year ended June 30, 2019. 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>
2018	\$ 132,220
2019	94,457
2020	(63,426)
2021	(25,240)
2022	<u>0</u>
Total	<u>\$ 138,011</u>

E. Actuarial Assumptions: The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.80%
Investment rate of return (net of investment expense, including inflation)	7.00%
Cost of living adjustments	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

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 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	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation-Indexed bonds	4.00%	1.50%
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 calculate the total pension liability was 7.0%. 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. 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – The following presents the Library’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Library’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Library's proportionate share of the net pension liability	\$ 1,153,894	\$ 152,505	\$ (694,630)

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, 2018, in thousands of dollars was as follows:

	Total
Employers' total pension liability	\$ 183,400,590
Plan net position	(180,173,145)
Employers' net pension liability	\$ 3,227,445
Ratio of plan net position to the Employers' total pension liability	98.24%

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: 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 Oceanside 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. Funding Policy:** Contribution requirements are determined by the Library Board. Currently, for full-time employees hired before July 1, 2007 the Library will pay 100% of the cost of health insurance for the retiree and their dependents provided that they were a participant in NYSHIP for a total of five years. Effective March 1, 2009 the Library will pay 100% of the health insurance cost for single coverage and 50% of the additional cost for family coverage provided that the retiree had worked full-time for the Library for ten years and was a participant in NYSHIP for five years.

For the fiscal year ending June 30, 2018, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$127,050 as an expenditure in the General Fund. Oceanside Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$33,785. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of June 30, 2018 the following employees were covered by the benefit terms:

Active employees	24
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	11
Total	35

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: Post-employment Benefits Other Than Pensions (Continued)

C. Total Other Post-employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$3,600,166 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

D. Actuarial Assumptions and Other Inputs:

Inflation Rate	2.00%
Participant Salary Increases	2.50%
Discount Rate	3.58%
2017 Medical Trend Rates (Pre-65/Post-65)	9.00% / 5.00%
2018 Medical Trend Rates (Pre-65/Post-65)	8.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	2025/2017

The discount rate was based on the *S&P Municipal Bond 20 Year High Grade Index* as of July 1, 2017.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted adjusted to 2006 and then projected generationally with the MP-2016 scale

E. Changes In The Total OPEB Liability:

Balance at June 30, 2017	\$ <u>3,432,259</u>
Changes for the year:	
Service cost	271,087
Interest	130,804
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(133,892)
Benefit payments	<u>(100,092)</u>
Net changes	<u>167,907</u>
Balance at June 30, 2018	\$ <u><u>3,600,166</u></u>

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11: 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 (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 4,093,286	\$ 3,600,166	\$ 3,188,148

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 (8.00% decreasing to 4.00%) or 1 percentage point higher (10.00% decreasing to 6%) than the current healthcare cost trend rate:

	1% Decrease (8.00% Decreasing to 4.00%)	Healthcare Cost Trend Rate (9.00% Decreasing to 5.00%)	1% Increase (10.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 3,064,627	\$ 3,600,166	\$ 4,266,997

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB:

For the year ending June 30, 2018, the Library recognized OPEB expense of \$382,288. At June 30, 2018, the Library reported deferred inflows of resources that were related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	114,289
Total	\$ 0	\$ 114,289

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: Post-employment Benefits Other Than Pensions (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB: (Continued)

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>
2019	\$ (19,603)
2020	(19,603)
2021	(19,603)
2022	(19,603)
2023	(19,603)
Thereafter	<u>(16,274)</u>
Total	<u>\$ (114,289)</u>

NOTE 12: Commitments and Contingencies

The Library has committed to operating lease agreements for several copiers as well as postal equipment. For the fiscal year ending June 30, 2018 the Library made lease payments of \$5,143. The future minimum lease commitment is detailed as follows:

<u>Year Ending June 30,</u>	<u>Lease Commitment</u>
2019	\$ 15,429
2020	15,429
2021	15,429
2022	11,237
2023	<u>6,560</u>
Total	<u>\$ 64,084</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13: Restatement of Prior Year Fund Balance and Net Position

The Library has restated its beginning net position and obligation for other post-employment benefits to reflect the cumulative effect of applying GASB 75. This new standard requires the Library to recognize its entire OPEB liability and allows for a more comprehensive measure of the OPEB expense. As a result of reflecting the increased OPEB liability and the associated deferred inflow, the Library's net position at June 30, 2017 has decreased by \$2,541,674.

The Library has also restated its beginning fund balance to reflect the accrual of the retirement contribution at June 30, 2017. As a result of reflecting the additional liability, the Library's fund balance at June 30, 2017 has decreased by \$73,472. The changes are as follows:

	<u>Total Fund Balance</u>	<u>Total Net Position</u>
Original Fund balance/net position reported at June 30, 2017	\$ 3,525,414	\$ 3,468,912
Adjustments to be made:		
To record retirement accrual at June 30, 2017	(73,472)	(73,472)
To record additional deferred outflows of resources on pension		73,472
To record additional deferred inflow of resources on OPEB		(133,892)
To record entire OPEB liability at June 30, 2017		(2,407,782)
Restated Fund Balance/Net Position at June 30, 2017	<u>\$ 3,451,942</u>	<u>\$ 927,238</u>

NOTE 14: 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)

The following are reconciliations of fund balance to net position and the net change in fund balance to the change in net position:

Total Fund Balance - Modified Accrual Basis	\$ 3,377,127
Amounts reported in the statement of net position are different because:	
• Capital assets are not reported in the funds	3,349,831
• Deferred outflows of resources are not reported in the funds	700,792
• Interest expense on the bond liability is not accrued in the funds	(44,134)
• Net pension liability is not included in the funds	(152,505)
• Deferred inflows of resources are not reported in the funds	(601,772)
• Compensated absences are included as a liability in the funds	(96,629)
• Obligation for other post-employment health insurance, to be paid in future periods is not reported in the funds	(3,600,166)
• Bonds payable in future periods are not reported in the funds	<u>(2,070,000)</u>
Total Net Position - Full Accrual Basis	<u>\$ 862,544</u>
Net Change in Fund Balance - Modified Accrual Basis	\$ (74,815)
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 as depreciation	
Capital outlay	21,580
Depreciation expense	(167,099)
(Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:	
Compensated absences	61,361
Interest on bonds payable	4,837
Post-employment health costs	(148,304)
Net pension expenses	22,746
• Repayments of principal on bonds payable are not an expense in the statement of activities, rather a reduction of the liability	<u>215,000</u>
Change In Net Position - Full Accrual Basis	<u>\$ (64,694)</u>

OCEANSIDE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax revenues	\$ 4,492,352	\$ 4,492,352	\$ 4,492,352	\$ 0
State aid and grants	10,000	10,000	37,599	27,599
Other Revenue:				
Fines and fees			16,008	
E-rate reimbursement			4,858	
Lost material reimbursements			3,670	
Payments in lieu of taxes			6,521	
Interest			3,445	
Sale of books, supplies, etc.			4,896	
Gifts and donations			120	
Total Other Revenue	<u>60,000</u>	<u>60,000</u>	<u>39,518</u>	<u>(20,482)</u>
Transfer From Prior Year Fund Balance	<u>180,000</u>	<u>180,000</u>	<u>0</u>	<u>(180,000)</u>
Total Revenues	<u>\$ 4,742,352</u>	<u>\$ 4,742,352</u>	<u>\$ 4,569,469</u>	<u>\$ (172,883)</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 1,379,867	\$ 1,379,867	\$ 1,307,374	\$ 72,493
Clerical	598,214	598,214	659,851	(61,637)
Custodial	152,777	152,777	145,730	7,047
Pages	138,960	138,960	131,468	7,492
Total Salaries and wages	<u>2,269,818</u>	<u>2,269,818</u>	<u>2,244,423</u>	<u>25,395</u>
Employee Benefits:				
Hospital and medical insurance	660,000	660,000	644,489	15,511
Retirement	323,000	323,000	306,691	16,309
Social Security	175,024	175,024	164,761	10,263
Workers' compensation	25,000	25,000	46,196	(21,196)
Life insurance and disability	9,400	9,400	9,491	(91)
Total Employee Benefits	<u>\$ 1,192,424</u>	<u>\$ 1,192,424</u>	<u>\$ 1,171,628</u>	<u>\$ 20,796</u>

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

OCEANSIDE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Library Services:				
Books	\$ 195,000	\$ 195,000	\$ 166,664	\$ 28,336
Media	62,636	62,636	45,965	16,671
Community information and programs	108,000	108,000	117,843	(9,843)
Databases (electronic searching)	49,000	49,000	43,226	5,774
Library automation system	53,491	53,491	54,556	(1,065)
Library System support	30,979	30,979	30,662	317
Periodicals	20,000	20,000	19,260	740
Computer network maintenance	20,000	20,000	4,710	15,290
Non-book items	1,000	1,000	507	493
Total Library Services	<u>540,106</u>	<u>540,106</u>	<u>483,393</u>	<u>56,713</u>
Administrative Operations:				
Office and library supplies	38,000	38,000	37,177	823
Telephone	15,500	15,500	15,728	(228)
Printing and art supply	18,500	18,500	19,361	(861)
Postage	6,000	6,000	6,953	(953)
Professional fees/contracts	44,620	44,620	45,134	(514)
Professional development	5,100	5,100	2,709	2,391
Office equipment contracts and maintenance	60,285	60,285	56,563	3,722
Refunds and other miscellaneous expenditures	1,000	1,000	444	556
Total Administrative Operations	<u>189,005</u>	<u>189,005</u>	<u>184,069</u>	<u>4,936</u>
Building Operations:				
Utilities	97,000	97,000	77,264	19,736
Insurance	42,000	42,000	31,785	10,215
Building service contracts	32,610	32,610	32,816	(206)
Repair to building equipment and grounds	28,500	28,500	78,212	(49,712)
Custodial supplies	15,000	15,000	12,918	2,082
Nassau County sewer usage fee	4,000	4,000	0	4,000
Total Building Operations	<u>\$ 219,110</u>	<u>\$ 219,110</u>	<u>\$ 232,995</u>	<u>\$ (13,885)</u>

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

OCEANSIDE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Capital Outlay:				
Building improvements	\$	\$	\$ 21,580	\$
Furniture and equipment			0	
Total Capital Outlay	<u>20,500</u>	<u>20,500</u>	<u>21,580</u>	<u>(1,080)</u>
Debt Service:				
Bond principal payments			215,000	
Bond interest payments			93,106	
Bond and administrative fees			3,120	
Total Debt Service	<u>311,389</u>	<u>311,389</u>	<u>311,226</u>	<u>163</u>
Total Expenditures	<u>4,742,352</u>	<u>4,742,352</u>	<u>4,649,314</u>	<u>93,038</u>
Excess Of Expenditures Over Revenues	0	0	(79,845)	(79,845)
Other Financing Sources (Uses):				
Transfer from Debt Service Fund	<u>0</u>	<u>0</u>	<u>616</u>	<u>616</u>
Excess Of Expenditures Over Revenues And Financing Sources	0	0	(79,229)	(79,229)
Budgetary fund balance- beginning of year	<u>2,869,982</u>	<u>2,869,982</u>	<u>2,869,982</u>	<u>2,869,982</u>
Budgetary Fund Balance- End Of Year	<u>\$ 2,869,982</u>	<u>\$ 2,869,982</u>	<u>\$ 2,790,753</u>	<u>\$ 2,790,753</u>

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

**OCEANSIDE LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2018 FISCAL YEAR****

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	0.004725%	0.004504%	0.004722%	0.004549%
Library's proportionate share of the net pension liability (asset)	\$ 152,505	\$ 423,219	\$ 757,840	\$ 153,690
Library's covered-employee payroll	\$ 1,995,158	\$ 1,905,692	\$ 1,747,024	\$ 1,732,955
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.64376%	22.20815%	43.37891%	8.86867%
Plan fiduciary net position as a percentage of the total pension liability	98.2400%	94.7000%	90.6849%	97.9475%

** 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.

**OCEANSIDE LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2018 FISCAL YEAR**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 305,864	\$ 293,887	\$ 313,213	\$ 370,364
Contributions in relation to the contractually required contribution	<u>305,864</u>	<u>293,887</u>	<u>313,213</u>	<u>370,364</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 1,995,158	\$ 1,905,692	\$ 1,747,024	\$ 1,732,955
Contributions as a percentage of covered-employee payroll	15.33%	15.42%	17.93%	21.37%

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

OCEANSIDE LIBRARY
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS

	2018
Service Cost	\$ 271,087
Interest	130,804
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(133,892)
Benefit payments	(100,092)
Net Change in total OPEB liability	167,907
Total OPEB liability- beginning	3,432,259
Total OPEB liability- ending	\$ 3,600,166
Covered-employee payroll	\$ 1,638,238
Total OPEB liability as a % of covered-employee payroll	219.76%

Notes to schedule:

Changes of benefit terms: None

Changes of assumptions: The discount rate was 3.58% as of June 30, 2017 and 3.87% as of June 30, 2018.

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