

OCEANSIDE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2022

OCEANSIDE LIBRARY

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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 Schломann, 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

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Oceanside 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 Oceanside 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 Oceanside 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 Oceanside 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 Oceanside 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 Oceanside 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 18, 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 four 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>2022</u>	<u>June 30,</u> <u>2021</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 35,430	\$ 4,080	\$ 31,350
Net pension asset	551	0	551
Right to use assets	835	1,379	(544)
Capital assets	<u>7,225</u>	<u>4,550</u>	<u>2,675</u>
Total Assets	<u>44,041</u>	<u>10,009</u>	<u>34,032</u>
Deferred Outflows of Resources	<u>2,436</u>	<u>1,969</u>	<u>467</u>
Liabilities:			
Long-term debt	40,191	7,183	33,008
Other liabilities	<u>687</u>	<u>442</u>	<u>245</u>
Total Liabilities	<u>40,878</u>	<u>7,625</u>	<u>33,253</u>
Deferred Inflows of Resources	<u>3,318</u>	<u>2,318</u>	<u>1,000</u>
Net Position:			
Net investment in capital assets	(23,490)	3,180	(26,670)
Restricted	30,280	603	29,677
Unrestricted	<u>(4,509)</u>	<u>(1,748)</u>	<u>(2,761)</u>
Total Net Position	<u>\$ 2,281</u>	<u>\$ 2,035</u>	<u>\$ 246</u>
Revenue:			
Tax revenues	\$ 6,904	\$ 6,904	\$ 0
State aid and grants	36	11	25
Other revenue	<u>(94)</u>	<u>24</u>	<u>(118)</u>
Total Revenue	6,846	6,939	(93)
Expenses - Library Services	<u>6,600</u>	<u>5,203</u>	<u>1,397</u>
Change in net position	246	1,736	(1,490)
Net position- beginning of year	<u>2,035</u>	<u>299</u>	<u>1,736</u>
Net Position - End of Year	<u>\$ 2,281</u>	<u>\$ 2,035</u>	<u>\$ 246</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Library as A Whole

- The Library's net position increased by \$246,208 this year. The primary reason for this increase is detailed within the Statement of Activities on pages thirteen through fifteen.
- The Library's primary source of revenue is from property taxes, which totaled \$6,904,192 for the year ending June 30, 2022. In the prior year, revenue from property taxes were also \$6,904,192.
- Salaries and employee benefits continue to be a significant expense of the Library, representing 62 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and employee benefits represented 75 percent of total expenses.

The Library Funds:

Our analyses of the Library's funds are included in the first four columns of pages ten through fifteen 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, Capital Fund and the Debt Service Fund.

The fund balance of the General Fund increased during the year from \$3,063,100 to \$4,462,934. The fund balance of the Capital Fund increased by \$30,279,979. The fund balance of the Debt Service Fund decreased from \$602,566 to \$0. 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:

- The budget line for State aid and grants had a favorable budget variance of \$25,886. The Library attributes this the Levitt Grant which provided funds to provide patron services in the temporary space and to purchase equipment in order to provide off-site programming.
- The favorable variance for total other revenue was primarily due to the refund of prior year expenses. During the fiscal year the Library received refunds of various COVID related expenses including payroll tax credits, etc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- In total, the salaries and wages budget section was underspent by \$104,001 or 4.02%. It was difficult to budget on an individual salary line basis because of modifications to the Library's operating hours due to the pandemic. There was an increased need for custodial and part-time clerical hours in order to assist with packing and organizing for the move to the temporary location.
- The New York State retirement budget line was overspent by \$32,592. This was the result of projecting an amount based on information provided by the New York State Retirement System approximately a year in advance of the billing. The actual amount billed was more than the original projection.
- The budget line for workers' compensation insurance was underspent by \$10,720. The Library attributes this savings to a change in insurance providers.
- The budget line for life insurance and disability was overspent because premiums increased more than anticipated.
- The library services budget section was underspent by \$127,658. This favorable variance was primarily attributable to the COVID-19 related building closures early in the year and the Library's efforts to reduce the collection size in anticipation of its move to temporary quarters.
- In total, the budget section for administrative operations was underspent by \$45,413. The Library attributes this to the favorable variances in the budget lines for: 1) printing and postage which was underspent because the Library did not mail its newsletters to the community, instead they were distributed electronically; 2) Professional dues/development which was underspent because employees did not travel to, or attend in-person meetings and conferences to the extent anticipated, and 3) office equipment contracts and maintenance which was underspent due to the adoption of Governmental Accounting Standard No. 87. This standard requires the reclassification of the Library's obligation for office equipment leases to long-term debt. As a result, the lease payments were required to be classified as principal and interest payments within the debt service budget section.
- The budget lines for utilities and insurance were both overspent as the Library was required to pay for the additional costs for the temporary space as well as for the two properties that were acquired as part of the project.
- The budget lines for building service contracts, repair to building equipment and grounds, as well as for custodial supplies were all underspent. The Library attributes this to the cancellation of certain contracts and the reduction of costs as the Library moved into its temporary quarters.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The capital outlay budget section was underspent by \$1,704,600. The Library had budgeted for the payment of various construction costs related to its construction project. However, these payments were made from the Capital Fund in an effort to reflect all of the construction costs within the same fund.
- The debt service budget section was overspent by \$555,172. As mentioned on page 8, due to the issuance of Governmental Accounting Standard No. 87, the Library is now required to reflect all of its lease payments for the temporary space as well as for its office equipment as principal and interest as opposed to rent expense.

Capital Assets:

During the fiscal year ending June 30, 2022, the Library purchased \$2,847,581 of fixed assets and \$8,719 of right to use assets (capital outlay). The majority of the expenditures (\$2,758,900) were related to the Vision 2020 construction project. The remaining purchases were for a vehicle, furniture and computer equipment, etc. During the fiscal year, the Library discarded \$32,535 of broken or obsolete equipment.

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 lease liability, and its obligation for other post-employment benefits. The net pension liability reported in the prior year of \$5,632 reversed and became a net pension asset of \$551,458 at June 30, 2022. During the fiscal year ending June 30, 2022, the Library made its annual principal payment on its bond payable, then refunded the remaining series 2005 revenue bonds for a total amount of \$1,370,000. This reduced the bonds payable from \$1,370,000 at June 30, 2021 to \$0 at June 30, 2022. During the year, the Library issued new revenue bonds (series 2022) and received bond proceeds of \$30,715,000. As of June 30, 2022, no principal payments were made on the series 2022 bonds payable. The liability for compensated absences at June 30, 2022 was \$96,842. This represents an increase of \$21,957 from the previous year. During the year, the Library signed a lease for postal equipment and it also made principal payments of \$553,222 on its outstanding liability. As of June 30, 2022 the total lease liability was \$834,924. The obligation for other post-employment benefits at June 30, 2022 was \$4,537,502. This represents an increase of \$184,266 from the previous year.

Currently Known Conditions:

The anticipated tax revenues for the 2022-2023 fiscal year will be \$7,035,969. This represents an increase of 1.9% from the 2021-2022 fiscal year.

OCEANSIDE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 15)	Statement of Net Position
Assets:						
Cash and cash equivalents						
Checking	\$ 4,473,192	\$ 272,620	\$	\$ 4,745,812	\$	\$ 4,745,812
Petty cash	700			700		700
Total cash and cash equivalents	<u>4,473,892</u>	<u>272,620</u>	<u>0</u>	<u>4,746,512</u>	<u>0</u>	<u>4,746,512</u>
Prepaid insurance	9,978			9,978		9,978
Prepaid rent	91,667			91,667		91,667
Rent security deposit	91,667			91,667		91,667
Funds held in custody		30,489,908		30,489,908		30,489,908
Internal receivables		25,002		25,002	(25,002)	
Net pension asset					551,458	551,458
Right to use assets, net of amortization (note 5)					834,924	834,924
Capital assets, net of depreciation (note 4)					7,224,862	7,224,862
Total Assets	<u>4,667,204</u>	<u>30,787,530</u>	<u>0</u>	<u>35,454,734</u>	<u>8,586,242</u>	<u>44,040,976</u>
Deferred Outflows Of Resources:						
Deferred outflows on other post-employment benefits					1,115,376	1,115,376
Deferred outflows on pension					1,320,465	1,320,465
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,435,841</u>	<u>2,435,841</u>
Total Assets And Deferred Outflows Of Resources	<u>\$ 4,667,204</u>	<u>\$ 30,787,530</u>	<u>\$ 0</u>	<u>\$ 35,454,734</u>	<u>\$ 11,022,083</u>	<u>\$ 46,476,817</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, 2022

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 15)	Statement of Net Position
Liabilities:						
Accounts payable	\$ 30,647	\$ 507,551	\$	\$ 538,198	\$	\$ 538,198
Accrued payroll and related items	77,508			77,508		77,508
Accrued NYS retirement	66,183			66,183		66,183
Accrued interest on bonds payable					412,813	412,813
Grant funds received in advance	4,930			4,930		4,930
Internal payables	25,002			25,002	(25,002)	
Non-current liabilities:						
Compensated absences payable					96,842	96,842
Obligation for other post-employment benefits					4,537,503	4,537,503
Lease liability (note 10)					834,924	834,924
Net amortized bond premium (note 9)					3,594,050	3,594,050
Bonds payable (note 8)					30,715,000	30,715,000
Total Liabilities	<u>204,270</u>	<u>507,551</u>	<u>0</u>	<u>711,821</u>	<u>40,166,130</u>	<u>40,877,951</u>
Deferred Inflows of Resources:						
Deferred inflows on other post-employment benefits					1,435,942	1,435,942
Deferred inflows on pension					1,881,788	1,881,788
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,317,730</u>	<u>\$ 3,317,730</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, 2022

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 15)	Statement of Net Position
Fund Balance/Net Position:						
Nonspendable (deposit & prepaid amounts)	\$ 193,312	\$	\$	\$ 193,312	\$ (193,312)	\$
Restricted for construction		30,279,979		30,279,979	(30,279,979)	
Assigned for specific purposes (note 12)	1,104,095			1,104,095	(1,104,095)	
Unassigned	3,165,527			3,165,527	(3,165,527)	
Total Fund Balance	4,462,934	30,279,979	0	34,742,913	(34,742,913)	
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 4,667,204	\$ 30,787,530	\$ 0	\$ 35,454,734		
Net Position:						
Net investment in capital assets					(23,490,138)	(23,490,138)
Restricted for construction					30,279,979	30,279,979
Unrestricted					(4,508,705)	(4,508,705)
Total Net Position					\$ 2,281,136	\$ 2,281,136

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, 2022**

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 15)	Statement of Activities
Revenues:						
Tax revenues	\$ 6,904,192	\$	\$	\$ 6,904,192	\$	6,904,192
State aid and grants	35,886			35,886		35,886
Fines, fees and material reimbursements	2,240			2,240		2,240
Investment income	6,060	(135,045)	(288)	(129,273)		(129,273)
E-rate reimbursement	3,517			3,517		3,517
Gifts and donations	3,282			3,282		3,282
Refund of prior year expense	25,769			25,769		25,769
Miscellaneous	636			636		636
Total Revenues	\$ 6,981,582	\$ (135,045)	\$ (288)	\$ 6,846,249	\$ 0	\$ 6,846,249

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, 2022

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 15)	Statement of Activities
Expenditures/Expenses For						
Library Services:						
Salaries and wages	\$ 2,486,064	\$	\$	\$ 2,486,064	\$ 20,396	\$ 2,506,460
Employee benefits	1,400,156			1,400,156	162,244	1,562,400
Library services	430,107			430,107		430,107
Administrative operations	178,292			178,292		178,292
Building operations	226,954			226,954		226,954
Capital outlay	97,400	2,758,900		2,856,300	(2,856,300)	
Depreciation					173,114	173,114
Amortization					553,222	553,222
Debt service:						
Principal - bond	255,000		1,115,000	1,370,000	(1,370,000)	
Principal - leases	553,222			553,222	(553,222)	
Interest	60,408		14,183	74,591	383,816	458,407
Bond and administrative fees	2,456	508,629		511,085		511,085
Total Expenditures/Expenses	\$ 5,690,059	\$ 3,267,529	\$ 1,129,183	\$ 10,086,771	\$ (3,486,730)	\$ 6,600,041

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, 2022

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 15)	Statement of Activities
Excess (Deficiency) Of Revenues Over Expenditures	\$ 1,291,523	\$ (3,402,574)	\$ (1,129,471)	\$ (3,240,522)	\$ 3,486,730	\$
Other Financing Sources/Uses:						
Lease proceeds	8,719			8,719	(8,719)	
Bond premium		3,594,050		3,594,050	(3,594,050)	
Bond proceeds		30,715,000		30,715,000	(30,715,000)	
Transfers- internal activities	99,592	(626,497)	526,905			
Total Other Financing Sources	<u>108,311</u>	<u>33,682,553</u>	<u>526,905</u>	<u>34,317,769</u>	<u>(34,317,769)</u>	
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	1,399,834	30,279,979	(602,566)	31,077,247	(31,077,247)	
Change In Net Position					246,208	246,208
Fund balance/net position- beginning of year	3,063,100	0	602,566	3,665,666	(1,630,738)	2,034,928
Fund Balance/Net Position- End Of The Year	<u>\$ 4,462,934</u>	<u>\$ 30,279,979</u>	<u>\$ 0</u>	<u>\$ 34,742,913</u>	<u>\$ (32,461,777)</u>	<u>\$ 2,281,136</u>

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

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022

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.

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

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, 2022

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, 2022

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. 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.
- K. 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 \$4,745,812 (excludes petty cash and funds held in custody) and the bank balance was \$4,814,669. Of the bank balance, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$4,314,669 was covered by collateral held by the Library’s agent.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3: Grants Receivable and Grant Funds Received in Advance

Grant revenues are recorded when the grant funds are expended. Grant funds received in excess of expenditures are shown as “Grant Funds Received in Advance”. Conversely, grant expenditures in excess of those grant funds received have been reflected as “Grants Receivable.”

NOTE 4: Capital Assets

A summary of changes in general fixed assets for the year ending June 30, 2022 is as follows:

	Balance as of 7/1/2021	Additions	Deletions and Adjustments	Balance as of 6/30/2022
Assets not being depreciated:				
Land	\$ 1,067,691	\$ 0	\$ 0	\$ 1,067,691
Construction in progress	769,020	2,758,900	0	3,527,920
Other capital assets:				
Building and improvements	5,854,452	0	0	5,854,452
Furniture and fixtures	546,741	9,111	0	555,852
Equipment	236,948	20,185	(32,535)	224,598
Vehicles	0	59,385	0	59,385
Total	8,474,852	2,847,581	(32,535)	11,289,898
Accumulated depreciation	(3,924,457)	(173,114)	32,535	(4,065,036)
Net Book Value	\$ 4,550,395	\$ 2,674,467	\$ 0	\$ 7,224,862

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5: Right to Use Leased Assets

The Library has recorded three right to use leased assets. The leases are for temporary library space, copier equipment and a postage machine. The right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedules.

The following is a summary of the right to use assets 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 library space	\$ 1,636,028	\$ 0	\$ 0	\$ 1,636,028
Leased copier equipment	46,446	0	0	46,446
Leased postage machine	0	8,719	0	8,719
Total right to use assets	<u>1,682,474</u>	<u>8,719</u>	<u>0</u>	<u>1,691,193</u>
Less accumulated amortization for:				
Leased library space	(272,677)	(542,808)	0	(815,485)
Leased copier equipment	(30,370)	(9,572)	0	(39,942)
Leased postage machine	0	(842)	0	(842)
Total accumulated amortization	<u>(303,047)</u>	<u>(553,222)</u>	<u>0</u>	<u>(856,269)</u>
Right to use assets, net	<u>\$ 1,379,427</u>	<u>\$ (544,503)</u>	<u>\$ 0</u>	<u>\$ 834,924</u>

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2022 for unused sick, vacation and compensatory time due to its employees in the amount of \$96,842. This is an increase of \$21,957 from the June 30, 2021 balance of \$74,885. The Library does not expect to pay any of this liability within one year.

NOTE 7: 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8: Bonds Payable

In February 2022, the Library authorized the issuance of \$30,715,000 of new revenue bonds (series 2022) by the Dormitory Authority of the State of New York (“DASNY”). The proceeds from this issuance were partially used to refund the remaining payable on the series 2005 revenue bonds. The remaining bond proceeds will be used to finance the Library’s “Vision 2020” construction project. The interest rates on the new series 2022 revenue bonds range from 4% to 5% over their term. The bonds remain payable until July 1, 2052.

As of June 30, 2022, the Library’s liability for bonds payable is \$30,715,000. Future payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u> <u>Payments</u>
2023	\$	\$ 1,051,112	\$ 1,051,112
2024	315,000	1,263,500	1,578,500
2025	735,000	1,242,500	1,977,500
2026	770,000	1,212,400	1,982,400
2027	585,000	1,185,300	1,770,300
2028-2032	3,345,000	5,466,125	8,811,125
2033-3037	4,225,000	4,588,375	8,813,375
3038-2042	5,150,000	3,649,000	8,799,000
2043-2047	6,265,000	2,511,300	8,776,300
2048-2052	7,615,000	1,127,300	8,742,300
2053	1,710,000	34,200	1,744,200
Total	<u>\$ 30,715,000</u>	<u>\$ 23,331,112</u>	<u>\$ 54,046,112</u>

As part of the agreement with the DASNY, certain funds are required to be held in trust at US Bank as Trustee. Expenditures from these funds can only be made by the trustee with the approval of the Dormitory Authority. At June 30, 2022, the following are the fair market values of the funds being held in trust:

<u>Account Name</u>	<u>Cash</u>	<u>Treasury</u> <u>Obligations</u>	<u>Total</u> <u>Funds Held</u>
US Bank - Cost of issuance account	\$ 1,915	\$ 4,998	\$ 6,913
US Bank - Construction account	4,547	30,478,448	30,482,995
Total funds held in custody	<u>\$ 6,462</u>	<u>\$ 30,483,446</u>	<u>\$ 30,489,908</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9: Net Unamortized Bond Premium

In February 22, when the Library closed on the issuance of the serial bonds mentioned in note 8 above, it received an original issue premium of \$3,594,050 and paid bond issuance costs of \$507,129. Since the Library has adopted Governmental Accounting Standards Board Statement No. 63 and 65, the bond issuance costs were all immediately recognized as an expense in the Capital Fund. The bond premium is being amortized over the bond term of thirty years. The remaining unamortized bond premium as of June 30, 2022 is \$3,594,050.

NOTE 10: Lease Liability

The Library has entered into multiple lease agreements. The agreements qualify as other than 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 agreement for the copier equipment was executed on February 2, 2018 and requires 60 monthly payments of \$820. The lease liability is measured at a discount rate of 2.29%, 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 \$6,504 at June 30, 2022.

The agreement for the office space was executed on March 1, 2021 and requires 12 quarterly payments of \$137,500. The lease liability is measured at a discount rate of 0.62%, 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 \$820,543 at June 30, 2022.

The agreement for the postage machine was executed on August 26, 2021 and requires 20 quarterly payments of \$448. 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 \$7,877 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	\$ 554,405	\$ 3,947	\$ 558,352
2024	276,099	693	276,792
2025	1,755	38	1,793
2026	1,772	21	1,793
2027	893	3	896
Total	<u>\$ 834,924</u>	<u>\$ 4,702</u>	<u>\$ 839,626</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11: Long Term Debt

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

	Balance			Non-current liabilities		
	7/1/2021	Increases	Reductions	6/30/2022	Due within one year	Due after one year
Compensated absences	\$ 74,885	\$ 21,957	\$ 0	\$ 96,842	\$ 0	\$ 96,842
Net pension liability	5,632	0	5,632	0	0	0
Revenue bonds-series 2005	1,370,000	0	1,370,000	0	0	0
Revenue bonds-series 2022	0	30,715,000	0	30,715,000	0	30,715,000
Lease liability	1,379,427	8,719	553,222	834,924	554,405	280,519
Other post-employment benefits payable	4,353,236	184,266	0	4,537,502	0	4,537,502
Total	\$ 7,183,180	\$ 30,929,942	\$ 1,928,854	\$ 36,184,268	\$ 554,405	\$ 35,629,863

NOTE 12: Funds Assigned for Specific Purposes

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

Funds Assigned For:	Balance as of 7/1/2021	Funds Assigned (Unassigned)	Funds Expended	Balance as of 6/30/2022
Special project fund	\$ 5,070	\$ 26	\$ 0	\$ 5,096
Unemployment	14,695	75	0	14,770
Other post-employment benefits	417,345	2,120	0	419,465
Sick and vacation payouts	87,218	443	0	87,661
Emergency building fund	356,500	1,811	0	358,311
Technology and projects	217,686	1,106	0	218,792
Total	\$ 1,098,514	\$ 5,581	\$ 0	\$ 1,104,095

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13: Retirement Plan

- A. Plan Description and Benefits Provided:** The Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. 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 plan 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, 2020. 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 Term Life Insurance plan (GTLI), 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13: 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13: 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.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13: 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 \$366,734, for the 2021 fiscal year it was \$301,276, and for the 2020 fiscal year it was \$276,863.

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 \$551,458 for its proportionate share of the net pension asset. 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 0.0067460 percent, which was an increase of .0010901 percent from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the Library recognized pension expense of \$158,096.

OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13: 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>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 41,763	\$ 54,169
Changes in assumptions	920,322	15,529
Net difference between projected and actual earnings on pension plan investments	0	1,805,794
Changes in proportion and differences between employer contributions and proportionate share of contributions	292,197	6,296
Library's contributions subsequent to the measurement date	<u>66,183</u>	<u>0</u>
Total	<u>\$ 1,320,465</u>	<u>\$ 1,881,788</u>

\$66,183 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	\$ (33,169)
2024	(117,733)
2025	(411,392)
2026	(65,212)
2027	<u>0</u>
Total	<u>\$ (627,506)</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13: 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.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13: 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.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13: 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)	\$ 1,419,447	\$ (551,458)	\$ (2,200,025)

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

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

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14: 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, 2022, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$154,595 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 \$56,387. The retiree’s share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

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

Active employees	27
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	17
Total	44

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14: Post-employment Benefits Other Than Pensions (Continued)

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$4,537,503 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%
Annual Payroll Increase	2.50%
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*.

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	\$ <u>4,353,236</u>
Changes for the year:	
Service cost	451,227
Interest	117,083
Changes in benefit terms	0
Differences between expected and actual experience	788,067
Changes in assumptions and other inputs	(1,008,046)
Benefit payments	<u>(164,064)</u>
Net changes	<u>184,267</u>
Balance at June 30, 2022	\$ <u><u>4,537,503</u></u>

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.

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14: 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	\$ 5,177,569	\$ 4,537,503	\$ 4,007,435

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	\$ 3,853,723	\$ 4,537,503	\$ 5,409,096

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 \$515,691. At June 30, 2022, the Library reported deferred inflows of resources that were related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Experience gain	\$ 694,694	\$ 511,456
Changes in assumptions	420,682	924,486
Total	\$ 1,115,376	\$ 1,435,942

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14: 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 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	\$ (52,619)
2024	(49,290)
2025	(36,797)
2026	(60,045)
2027	(60,045)
Thereafter	<u>(61,770)</u>
Total	<u>\$ (320,566)</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15: 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 change in net position:

Total Fund Balance - Modified Accrual Basis	\$34,742,913
Amounts reported in the statement of net position are different because:	
• Capital assets are not reported in the funds	7,224,862
• Net pension assets are not financial resources, and are not reported in the funds	551,458
• Right to use assets are not financial resources, and are not reported in the funds	834,924
• Deferred outflow on post-employment health insurance is not reported in the funds	1,115,376
• Deferred outflow on pension is not reported in the funds	1,320,465
• Interest expense on the bond liability is not accrued in the funds	(412,813)
• Deferred inflow on other post-employment benefits are not reported in the funds	(1,435,942)
• Deferred inflow on pension is not reported in the funds	(1,881,788)
• Compensated absences are not included as a liability in the funds	(96,842)
• Lease liability payments due in future periods are not reported in the funds	(834,924)
• Obligation for other post-employment health insurance, to be paid in future periods is not reported in the funds	(4,537,503)
• Net bond premium to be recognized in future periods is not reported in the funds	(3,594,050)
• Bonds payable in future periods are not reported in the funds	<u>(30,715,000)</u>
Total Net Position - Full Accrual Basis	<u>\$ 2,281,136</u>

**OCEANSIDE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)

Net Change in Fund Balance - Modified Accrual Basis	\$31,077,247
Amounts reported in the statement of activities are different because:	
<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> Capital outlay 2,847,581 Right to use assets (lease contracts entered) 8,719 Depreciation expense (173,114) Amortization expense (553,222) 	
(Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:	
<ul style="list-style-type: none"> Compensated absences (21,957) Interest on bonds payable (383,816) Post-employment health costs (351,627) Net pension expenses 190,944 	
<ul style="list-style-type: none"> • Bond and premium proceeds are reported as other financing sources in the funds whereas in the statement of activities these proceeds are omitted: <ul style="list-style-type: none"> Bond proceeds (30,715,000) Bond premium (3,594,050) 	
<ul style="list-style-type: none"> • Lease proceeds are reported as other financing sources in the funds whereas in the statement of activities these proceeds are omitted (8,719) 	
<ul style="list-style-type: none"> • Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability: <ul style="list-style-type: none"> Principal paid on bond payable 1,370,000 Principal paid on lease liability <u>553,222</u> 	
Change in Net Position - Full Accrual Basis	<u>\$ 246,208</u>

OCEANSIDE 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 revenues	\$ 6,904,192	\$ 6,904,192	\$ 6,904,192	\$ 0
State aid and grants	10,000	10,000	35,886	25,886
Other Revenue:				
Fines and fees			702	
Lost material reimbursements			1,538	
Interest			6,060	
E-rate reimbursement			3,517	
Gifts and donations			3,282	
Refund of prior year expense			25,769	
Miscellaneous			636	
Total Other Revenue	<u>20,000</u>	<u>20,000</u>	<u>41,504</u>	<u>21,504</u>
Transfer From Prior Year Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 6,934,192</u>	<u>\$ 6,934,192</u>	<u>\$ 6,981,582</u>	<u>\$ 47,390</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 1,536,910	\$ 1,536,910	\$ 1,263,433	\$ 273,477
Clerical	671,000	671,000	786,099	(115,099)
Custodial	204,100	204,100	283,583	(79,483)
Pages	178,055	178,055	152,949	25,106
Total Salaries and wages	<u>2,590,065</u>	<u>2,590,065</u>	<u>2,486,064</u>	<u>104,001</u>
Employee Benefits:				
Hospital and medical insurance	785,404	785,404	806,727	(21,323)
Retirement	316,449	316,449	349,041	(32,592)
Social Security	190,000	190,000	186,548	3,452
Workers' compensation	44,000	44,000	33,280	10,720
Life insurance and disability	16,000	16,000	24,560	(8,560)
Total Employee Benefits	<u>\$ 1,351,853</u>	<u>\$ 1,351,853</u>	<u>\$ 1,400,156</u>	<u>\$ (48,303)</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Library Services:				
Books	\$ 217,000	\$ 217,000	\$ 105,900	\$ 111,100
Media	53,000	53,000	46,961	6,039
Community information and programs	123,500	123,500	120,684	2,816
Databases (electronic searching)	41,402	41,402	40,667	735
Library automation system	60,146	60,146	61,592	(1,446)
Library System support	30,717	30,717	27,930	2,787
Periodicals	22,000	22,000	17,944	4,056
Software and online services	10,000	10,000	8,429	1,571
Total Library Services	<u>557,765</u>	<u>557,765</u>	<u>430,107</u>	<u>127,658</u>
Administrative Operations:				
Office and library supplies	38,000	38,000	32,568	5,432
Telephone	17,100	17,100	26,191	(9,091)
Printing and postage	30,000	30,000	2,500	27,500
Professional fees/contracts	48,820	48,820	56,179	(7,359)
Professional dues/development	21,000	21,000	4,355	16,645
Office equipment contracts and maintenance	68,785	68,785	56,499	12,286
Total Administrative Operations	<u>223,705</u>	<u>223,705</u>	<u>178,292</u>	<u>45,413</u>
Building Operations:				
Utilities	87,000	87,000	101,236	(14,236)
Insurance	45,000	45,000	68,478	(23,478)
Building service contracts	33,500	33,500	26,858	6,642
Repair to building equipment and grounds	30,000	30,000	22,840	7,160
Custodial supplies	20,000	20,000	7,542	12,458
Total Building Operations	<u>\$ 215,500</u>	<u>\$ 215,500</u>	<u>\$ 226,954</u>	<u>\$ (11,454)</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Capital Outlay:				
Building improvements (Vision 2020)	\$ 1,800,000	\$ 1,800,000	\$ 0	\$ 1,800,000
Furniture and equipment	2,000	2,000	88,681	(86,681)
Right to use assets	0	0	8,719	(8,719)
Total Capital Outlay	<u>1,802,000</u>	<u>1,802,000</u>	<u>97,400</u>	<u>1,704,600</u>
Debt Service:				
Principal - bond			255,000	
Principal - library space lease			542,808	
Principal - office equipment leases			10,414	
Interest - bond			52,894	
Interest - library space lease			7,192	
Interest - office equipment leases			322	
Bond and administrative fees			2,456	
Total Debt Service	<u>315,914</u>	<u>315,914</u>	<u>871,086</u>	<u>(555,172)</u>
Total Expenditures	<u>7,056,802</u>	<u>7,056,802</u>	<u>5,690,059</u>	<u>1,366,743</u>
Excess Of Revenues Over Expenditures	(122,610)	(122,610)	1,291,523	1,414,133
Other Financing Sources (Uses):				
Lease proceeds	0	0	8,719	8,719
Transfer from Capital Fund	122,610	122,610	0	(122,610)
Transfer from Debt Service Fund	0	0	99,592	99,592
Total Other Financing Sources	<u>122,610</u>	<u>122,610</u>	<u>108,311</u>	<u>(14,299)</u>
Excess Of Revenues And Other Financing Sources Over Expenditures	0	0	1,399,834	1,399,834
Budgetary fund balance- beginning of year	<u>3,063,100</u>	<u>3,063,100</u>	<u>3,063,100</u>	<u>3,063,100</u>
Budgetary Fund Balance- End Of Year	<u>\$ 3,063,100</u>	<u>\$ 3,063,100</u>	<u>\$ 4,462,934</u>	<u>\$ 4,462,934</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 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)	0.00675%	0.00566%	0.00513%	0.00415%	0.00473%	0.00450%	0.00472%	0.00455%
Library's proportionate share of the net pension liability (asset)	\$ (551,458)	\$ 5,632	\$ 1,357,774	\$ 293,891	\$ 152,505	\$ 423,219	\$ 757,840	\$ 153,690
Library's covered-employee payroll	\$ 2,261,938	\$ 2,054,345	\$ 1,898,076	\$ 1,975,721	\$ 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	(24.38%)	0.27%	71.53%	14.88%	7.64%	22.21%	43.38%	8.87%
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.

**OCEANSIDE 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	\$ 366,734	\$ 301,276	\$ 276,863	\$ 295,364	\$ 305,864	\$ 293,887	\$ 313,213	\$ 370,364
Contributions in relation to the contractually required contribution	<u>366,734</u>	<u>301,276</u>	<u>276,863</u>	<u>295,364</u>	<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>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 2,261,938	\$ 2,054,345	\$ 1,898,076	\$ 1,975,721	\$ 1,995,158	\$ 1,905,692	\$ 1,747,024	\$ 1,732,955
Contributions as a percentage of covered-employee payroll	16.21%	14.67%	14.59%	14.95%	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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 451,227	\$ 338,219	\$ 255,781	\$ 260,474	\$ 271,087
Interest	117,083	94,793	118,341	147,150	130,804
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	788,067	0	(198,511)	0	0
Changes in assumptions or other inputs	(1,008,046)	29,411	(104,488)	185,422	(133,892)
Benefit payments	<u>(164,064)</u>	<u>(119,863)</u>	<u>(135,910)</u>	<u>(117,749)</u>	<u>(100,092)</u>
Net Change in total OPEB liability	184,267	342,560	(64,787)	475,297	167,907
Total OPEB liability- beginning	<u>4,353,236</u>	<u>4,010,676</u>	<u>4,075,463</u>	<u>3,600,166</u>	<u>3,432,259</u>
Total OPEB liability- ending	<u>\$ 4,537,503</u>	<u>\$ 4,353,236</u>	<u>\$ 4,010,676</u>	<u>\$ 4,075,463</u>	<u>\$ 3,600,166</u>
Covered-employee payroll	\$ 1,945,826	\$ 1,720,534	\$ 1,678,570	\$ 1,671,003	\$ 1,638,238
Total OPEB liability as a % of covered-employee payroll	233.19%	253.02%	238.93%	243.89%	219.76%

Notes to schedule:

Changes of benefit terms: None

Notes to schedule:

Assumption changes:

Discount rate	3.54%	2.16%	2.21%	3.50%	3.87%
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.