## SMITHTOWN SPECIAL LIBRARY DISTRICT

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</tbody>
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Smithtown Special Library District
148 Smithtown Blvd.
Nesconset, New York 11767

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Smithtown Special Library District as of and for the year ended December 31, 2021, 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 Smithtown Special Library District as of December 31, 2021, 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 and 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 38 through 43 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
March 25, 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 the financial statements include information on the Library 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:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>December 31, 2020</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$9,979,231</td>
<td>$9,440,652</td>
<td>$538,579</td>
</tr>
<tr>
<td>Capital assets</td>
<td>19,155,061</td>
<td>19,821,507</td>
<td>(666,446)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>29,134,292</td>
<td>29,262,159</td>
<td>(127,867)</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>9,860,591</td>
<td>9,765,863</td>
<td>94,728</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>39,871,301</td>
<td>45,700,166</td>
<td>(5,828,865)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>569,712</td>
<td>678,378</td>
<td>(108,666)</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>40,441,013</td>
<td>46,378,544</td>
<td>(5,937,531)</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>10,035,061</td>
<td>9,646,507</td>
<td>388,554</td>
</tr>
<tr>
<td>Restricted</td>
<td>47,804</td>
<td>60,544</td>
<td>(12,740)</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(22,841,676)</td>
<td>(23,398,397)</td>
<td>556,721</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$12,758,811</td>
<td>$13,691,346</td>
<td>$932,535</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax revenues</td>
<td>$15,178,409</td>
<td>$15,028,128</td>
<td>$150,281</td>
</tr>
<tr>
<td>Payments in lieu of taxes</td>
<td>252,847</td>
<td>227,262</td>
<td>25,585</td>
</tr>
<tr>
<td>Other revenue</td>
<td>211,061</td>
<td>242,454</td>
<td>(31,393)</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>15,642,317</td>
<td>15,497,844</td>
<td>144,473</td>
</tr>
<tr>
<td><strong>Expenses - Library Services</strong></td>
<td>14,709,782</td>
<td>16,182,705</td>
<td>(1,472,923)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>932,535</td>
<td>(684,861)</td>
<td>1,617,396</td>
</tr>
<tr>
<td>Net position - beginning of year</td>
<td>(13,691,346)</td>
<td>(13,006,485)</td>
<td>(684,861)</td>
</tr>
<tr>
<td>Net Position - End of Year</td>
<td>$12,758,811</td>
<td>$13,691,346</td>
<td>$932,535</td>
</tr>
</tbody>
</table>
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

The Library As A Whole

- The Library’s net position increased by $932,535 this year. The primary reason for this increase is detailed within the Statement of Activities on pages twelve and thirteen.

- The Library’s primary source of revenue is from property taxes, which represents 97.0 percent of total revenue. In the prior year, property taxes also represented 97.0 percent of total revenue.

- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 74.1 percent of the Library’s total expenses (as per the Statement of Activities). This is a decrease as compared to the previous year when salaries and benefits represented 77.4 percent of total expenses.

The Library Funds:

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

The fund balance of the General Fund increased during the year from $8,290,857 to $8,662,922. This is primarily the result of the budgetary highlights described below.

The fund balance of the Special Revenue Fund increased during the year from $358,259 to $638,497.

The fund balance of the Debt Service Fund decreased during the year from $55,544 to $42,804.

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 revenue collected for payments in lieu of taxes was greater than expected. The Library estimates this income based on current assessments and information received from the Town of Smithtown.

- The revenue collected for State aid and grants, as well as for gifts and donations, was more than expected. Since this is not a guaranteed source of income, the Library budgets conservatively for it.
Budgetary Highlights: (Continued)

- The Library collected fewer E-commerce fines, print fees, passport processing and other fees than anticipated. Due to the COVID-19 pandemic, the Library either suspended or significantly reduced the fees charged for services, fines, late fees, etc.

- The Library received less interest income than expected because interest rates were lower than anticipated.

- The favorable variance in the refund of prior year expense budget line was due to receiving an E-rate reimbursement.

- Although there were favorable and unfavorable variances within specific salaries and wages budget lines overall, they offset one another and the budget section was only underspent by $128,442 or 1.79%. It is difficult to budget on an individual salary line basis because of staff transitioning in and out of employment with the Library, knowing who will require a payout of accrued time, the changing of staff titles during the year, etc.

- The budget line for hospital and medical insurance was underspent by $241,122. At the time of budget preparation, the 2021 insurance premiums were not available. Fortunately, the actual premiums were less than projected.

- The unemployment budget line was underspent by $5,000. Since the Library is self-insured for unemployment, it felt it was prudent to budget for the possibility that claims would be submitted. Fortunately, the Library did not receive any claims that required reimbursement.

- In total, the Library materials and programs budget section was underspent by $180,686. The Library attributes this to the pandemic related supply chain issues, a decrease in demand for physical materials, as well as a significant reduction in patron attendance at programs.

- The budget line for office and library supplies was underspent by $17,709. The Library attributes this to its maximizing of purchase discounts and the efficient use of prior year inventory that had built up during the pandemic.

- The budget line for telecommunications was underspent by $37,846. This was primarily due to a change in technology, removing copper lines and implementing an alternative system that reduced expenses. In addition, the Library had budgeted for firewalls that SCCLS decided to fund.

- The budget line for printing was underspent by $7,981. Although the Library budgeted for additional district mailings, they were not required to be sent.

- The budget line for professional fees was overspent by $99,963. Due to the pandemic related safety mandates, the Library required more security services than anticipated. In addition, due to unexpected legal matters, more legal services were required.
Budgetary Highlights: (Continued)

- The budget line for building and equipment repairs was overspent by $21,468. When you take into account the size and number of buildings, it is difficult to predict which mechanicals will fail and need repair. Unfortunately, more repairs were required than had been budgeted for.

- The budget line for custodial supplies was underspent. Although fewer supplies were required in the prior year due to the pandemic related business closures, when the supply chain became constrained, the Library started purchasing in bulk. Not only did this allow the Library to achieve better pricing, but it reduced the amount required to be purchased in the current fiscal year.

- The capital outlay budget section was underspent by $219,386. Although the Library had budgeted for certain building improvements and equipment purchases, they were either postponed due to the weather, the pandemic, or the payments were made from the Special Revenue Fund.

Capital Assets:

During the fiscal year ending December 31, 2021 the Library recorded improvements to the building as well as purchases of furniture, fixtures, and equipment of $368,874 based on the fund method of accounting. However, for purposes of GASB 34, only $305,123 of the improvements, furniture, fixtures, and equipment purchases were in excess of the $1,000 capital limit and subject to depreciation.

Debt Administration:

Long term debt consisted of bonds payable, the obligation for other post-employment benefits, the net pension liability, the NYS retirement incentive payable and the liability the Library has to its employees for unused sick and vacation time (compensated absences). The Library began the year with total long-term debt of $45,700,166. This debt decreased during the year by the net of $5,828,865. The largest component of this decrease was related to the net pension liability. The total long-term debt at December 31, 2021 was $39,871,301. Of this total, $1,187,254 is due to be paid within the next twelve months.

Currently Known Conditions:

The Library budget vote for the 2022 fiscal year was approved by the taxpayers. The anticipated tax revenues will be $15,481,977. This represents a 2.0% increase over the 2021 fiscal year budget.
SMITHTOWN SPECIAL LIBRARY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AS OF DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>Assets:</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$9,339,381</td>
<td>$118,592</td>
<td>$</td>
<td>$9,457,973</td>
<td>$</td>
<td>$9,457,973</td>
</tr>
<tr>
<td>E-rate receivable</td>
<td>24,950</td>
<td></td>
<td>$</td>
<td>24,950</td>
<td>24,950</td>
<td></td>
</tr>
<tr>
<td>Grants and State aid receivable</td>
<td>3,250</td>
<td>19,367</td>
<td>$</td>
<td>22,617</td>
<td>22,617</td>
<td></td>
</tr>
<tr>
<td>Internal receivables</td>
<td>500,538</td>
<td>41,819</td>
<td>$</td>
<td>542,357</td>
<td>(542,357)</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>244,706</td>
<td></td>
<td></td>
<td>244,706</td>
<td>244,706</td>
<td></td>
</tr>
<tr>
<td>Cash - held by fiscal agent</td>
<td></td>
<td>228,985</td>
<td></td>
<td>228,985</td>
<td>228,985</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>9,612,287</td>
<td>638,497</td>
<td>270,804</td>
<td>10,521,588</td>
<td>18,612,704</td>
<td>29,134,292</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Outflows of Resources (note 9)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9,860,591</td>
<td>9,860,591</td>
</tr>
<tr>
<td><strong>Total Assets and Deferred Outflows of Resources</strong></td>
<td>$9,612,287</td>
<td>$638,497</td>
<td>$270,804</td>
<td>$10,521,588</td>
<td>$28,473,295</td>
<td>$38,994,883</td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$166,775</td>
<td>$</td>
<td>$</td>
<td>$166,775</td>
<td>$</td>
<td>$166,775</td>
</tr>
<tr>
<td>Accrued payroll and related items</td>
<td>174,937</td>
<td>$</td>
<td>$</td>
<td>174,937</td>
<td>$</td>
<td>174,937</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td></td>
<td>228,000</td>
<td></td>
<td>228,000</td>
<td></td>
<td>228,000</td>
</tr>
<tr>
<td>Internal payables</td>
<td>542,357</td>
<td></td>
<td></td>
<td>542,357</td>
<td>(542,357)</td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences payable (note 5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net pension liability (note 7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>NYS retirement incentive payable (note 7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligation for other post-employment benefits (note 8)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable (note 10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$884,069</td>
<td>$0</td>
<td>$228,000</td>
<td>$1,112,069</td>
<td>$39,328,944</td>
<td>$40,441,013</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SMITHTOWN SPECIAL LIBRARY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AS OF DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>$65,296</td>
<td>$0</td>
<td>$0</td>
<td>$65,296</td>
<td>$11,247,385</td>
<td>$11,312,681</td>
</tr>
</tbody>
</table>

Deferred Inflows of Resources (note 9)

Fund Balances/Net Position:

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>244,706</td>
<td></td>
<td></td>
<td>244,706</td>
<td>(244,706)</td>
<td></td>
</tr>
<tr>
<td>Restricted for specific purposes (note 12)</td>
<td></td>
<td>5,000</td>
<td>42,804</td>
<td>47,804</td>
<td>(47,804)</td>
<td></td>
</tr>
<tr>
<td>Committed for specific purposes (note 11)</td>
<td>944,000</td>
<td>281,430</td>
<td></td>
<td>1,225,430</td>
<td>(1,225,430)</td>
<td></td>
</tr>
<tr>
<td>Assigned for the 2022 budget</td>
<td>159,796</td>
<td></td>
<td>159,796</td>
<td></td>
<td>(159,796)</td>
<td></td>
</tr>
<tr>
<td>Assigned for programs and projects</td>
<td></td>
<td>352,067</td>
<td></td>
<td>352,067</td>
<td>(352,067)</td>
<td></td>
</tr>
<tr>
<td>Unassigned</td>
<td>7,314,420</td>
<td></td>
<td></td>
<td>7,314,420</td>
<td></td>
<td>(7,314,420)</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>8,662,922</td>
<td>638,497</td>
<td>42,804</td>
<td>9,344,223</td>
<td>(9,344,223)</td>
<td></td>
</tr>
</tbody>
</table>

Total Liabilities, Deferred Inflows of Resources and Fund Balances

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,035,061</td>
<td>10,035,061</td>
</tr>
<tr>
<td>Restricted for specific purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>47,804</td>
<td>47,804</td>
</tr>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(22,841,676)</td>
<td>(22,841,676)</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(12,758,811)</td>
<td>(12,758,811)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SMITHTOWN SPECIAL LIBRARY DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL  
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>District taxes</td>
<td>$15,178,409</td>
<td>$</td>
<td>$</td>
<td>$15,178,409</td>
<td>$</td>
<td>$15,178,409</td>
</tr>
<tr>
<td>Payments in lieu of taxes</td>
<td>252,847</td>
<td>252,847</td>
<td></td>
<td>252,847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State aid and grants</td>
<td>38,949</td>
<td>124,639</td>
<td></td>
<td>124,639</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>33,680</td>
<td>33,680</td>
<td></td>
<td>33,680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>16,773</td>
<td>17,033</td>
<td></td>
<td>17,033</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts and donations</td>
<td>19,179</td>
<td>29,282</td>
<td></td>
<td>29,282</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>6,427</td>
<td>6,427</td>
<td></td>
<td>6,427</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>15,546,264</td>
<td>95,793</td>
<td>260</td>
<td>15,642,317</td>
<td>0</td>
<td>15,642,317</td>
</tr>
</tbody>
</table>

Expenditures/Expenses For Library Services:

<table>
<thead>
<tr>
<th>Expenditures/Expenses</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>7,052,575</td>
<td>7,052,575</td>
<td>(22,588)</td>
<td>7,029,987</td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>3,629,080</td>
<td>3,629,080</td>
<td>246,079</td>
<td>3,875,159</td>
<td></td>
</tr>
<tr>
<td>Library materials and programs</td>
<td>1,027,064</td>
<td>8,837</td>
<td>1,035,901</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library operations</td>
<td>836,112</td>
<td>836,112</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building operations</td>
<td>540,879</td>
<td>540,879</td>
<td>(20,001)</td>
<td>520,878</td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>158,114</td>
<td>370,832</td>
<td>(285,122)</td>
<td>85,710</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>971,569</td>
<td></td>
<td>971,569</td>
<td></td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td></td>
<td>1,055,000</td>
<td>1,055,000</td>
<td>(1,055,000)</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td>482,375</td>
<td>482,375</td>
<td>(127,909)</td>
<td>354,466</td>
</tr>
<tr>
<td><strong>Total Expenditures/Expenses</strong></td>
<td>$13,243,824</td>
<td>$221,555</td>
<td>$1,537,375</td>
<td>$15,002,754</td>
<td>$ (292,972)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SMITHTOWN SPECIAL LIBRARY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
<th>Adjustments (Note 14)</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (Deficiency) Of Revenues Over Expenditures</td>
<td>$2,302,440</td>
<td>$(125,762)</td>
<td>$(1,537,115)</td>
<td>$639,563</td>
<td>$292,972</td>
</tr>
<tr>
<td>Other Financing Sources/(Uses):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers- internal activities</td>
<td>$(1,930,375)</td>
<td>406,000</td>
<td>1,524,375</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures</td>
<td>372,065</td>
<td>280,238</td>
<td>(12,740)</td>
<td>639,563</td>
<td>$(639,563)</td>
</tr>
<tr>
<td>Change In Net Position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>932,535</td>
</tr>
<tr>
<td>Fund balance/net position- beginning of the year</td>
<td>8,290,857</td>
<td>358,259</td>
<td>55,544</td>
<td>8,704,660</td>
<td>$(22,396,006)</td>
</tr>
<tr>
<td>Fund Balance/Net Position- End Of The Year</td>
<td>$8,662,922</td>
<td>$638,497</td>
<td>$42,804</td>
<td>$9,344,223</td>
<td>$(22,103,034)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
NOTE 1: **Summary of Significant Accounting Policies**

The accounting policies of Smithtown Special Library District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the GASB 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 Smithtown Special Library District is comprised of one main library building located in Smithtown and three local branches located in Commack, Kings Park and Nesconset. The Library coordinates the raising of its real estate tax revenues with the Town of Smithtown. The Library Board of Trustees is responsible for the approval of the proposed 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.
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 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.

**Special Revenue Fund:** This fund is used to account for designated improvement projects, grants, gifts and donations in which principal and income benefit the Library. Criteria established by the Board and the donors govern the use of the funds.

**Debt Service Fund:** This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term general obligation debt.

C. **Interfund Transactions:** The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for cash flow purposes. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted General Fund revenues to finance various programs that the Library must account for in other funds in accordance with budgetary authorizations.
NOTE 1: **Summary of Significant Accounting Policies** (Continued)

D. **Receivables:** Receivables are shown net of allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such an allowance would not be material.

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

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

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

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

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

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

F. **Use of Restricted/Unrestricted Net Position:** When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Library’s policy is to apply restricted net position first.

G. **Cash and Cash Equivalents:** The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less.
NOTE 1: **Summary of Significant Accounting Policies** (Continued)

H. **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. All capital assets, except land and the art collection, are depreciated on the straight-line basis over the following estimated useful lives:

- Buildings and improvements: 20 to 40 years
- Land improvements: 15 to 20 years
- Furniture and equipment: 5 to 15 years

I. **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.

J. **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 and New York State.

NOTE 2: **Concentration of Credit Risk**

The Library maintains its cash balances at one bank. At year end, the Library’s carrying amount of deposits (excluding the cash held by the fiscal agent and petty cash) was $9,456,801 and the bank balance was $9,609,312. Of the bank balance, $500,000 was covered by federal depository insurance, and the remaining $9,109,312 was covered by collateral held by the Library’s agent.
NOTE 3:  Capital Assets

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

<table>
<thead>
<tr>
<th>Assets not being depreciated:</th>
<th>Balance as of 1/1/2021</th>
<th>Additions</th>
<th>Adjustments &amp; Deletions</th>
<th>Balance as of 12/31/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,408,073</td>
<td>$0</td>
<td>$0</td>
<td>$1,408,073</td>
</tr>
<tr>
<td>Art Collection</td>
<td>181,000</td>
<td>0</td>
<td>0</td>
<td>181,000</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>0</td>
<td>210,260</td>
<td>0</td>
<td>210,260</td>
</tr>
</tbody>
</table>

Other capital assets:

<table>
<thead>
<tr>
<th></th>
<th>Balance as of 1/1/2021</th>
<th>Additions</th>
<th>Adjustments &amp; Deletions</th>
<th>Balance as of 12/31/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Improvements</td>
<td>25,462,273</td>
<td>4,850</td>
<td>0</td>
<td>25,467,123</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>806,381</td>
<td>0</td>
<td>0</td>
<td>806,381</td>
</tr>
<tr>
<td>Fixtures</td>
<td>835,814</td>
<td>75,520</td>
<td>0</td>
<td>911,334</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>1,090,345</td>
<td>14,493</td>
<td>0</td>
<td>1,104,838</td>
</tr>
<tr>
<td>Total</td>
<td>29,783,886</td>
<td>305,123</td>
<td>0</td>
<td>30,089,009</td>
</tr>
</tbody>
</table>

Accumulated depreciation:

<table>
<thead>
<tr>
<th></th>
<th>Balance as of 1/1/2021</th>
<th>Additions</th>
<th>Adjustments &amp; Deletions</th>
<th>Balance as of 12/31/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9,962,379)</td>
<td></td>
<td>(971,569)</td>
<td>0</td>
<td>(10,933,948)</td>
</tr>
</tbody>
</table>

Net Book Value:

<table>
<thead>
<tr>
<th></th>
<th>Balance as of 1/1/2021</th>
<th>Additions</th>
<th>Adjustments &amp; Deletions</th>
<th>Balance as of 12/31/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,821,507</td>
<td>$666,446</td>
<td>0</td>
<td>$19,155,061</td>
<td></td>
</tr>
</tbody>
</table>

NOTE 4:  Long Term Debt

The following is a summary of changes in long-term debt for the period ended December 31, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Balance as of 1/1/2021</th>
<th>Increases</th>
<th>Reductions</th>
<th>Balance as of 12/31/2021</th>
<th>Non-current liabilities Due within one year</th>
<th>Due after one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated absences</td>
<td>$1,728,709</td>
<td>$0</td>
<td>$24,317</td>
<td>$1,704,392</td>
<td>$0</td>
<td>$1,704,392</td>
</tr>
<tr>
<td>Other post-employment benefits payable</td>
<td>27,808,926</td>
<td>1,008,417</td>
<td>0</td>
<td>28,817,343</td>
<td>0</td>
<td>28,817,343</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>5,704,951</td>
<td>0</td>
<td>5,683,255</td>
<td>21,696</td>
<td>0</td>
<td>21,696</td>
</tr>
<tr>
<td>NYS retirement incentive payable</td>
<td>282,580</td>
<td>0</td>
<td>74,710</td>
<td>207,870</td>
<td>77,254</td>
<td>130,616</td>
</tr>
<tr>
<td>General obligation bonds</td>
<td>10,175,000</td>
<td>0</td>
<td>1,055,000</td>
<td>9,120,000</td>
<td>1,110,000</td>
<td>8,010,000</td>
</tr>
<tr>
<td>$45,700,166</td>
<td>$1,008,417</td>
<td>$6,837,282</td>
<td>$39,871,301</td>
<td>$1,187,254</td>
<td>$38,684,047</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 5:  Compensated Absences Payable

The Library has an accumulated liability as of December 31, 2021 for unused vacation and sick pay amounting to $1,704,392. This is a decrease of $24,317 from the December 31, 2020 balance of $1,728,709. No portion of this liability is expected to be paid within one year.

NOTE 6:  Interfund Transactions

Interfund balances and activities at December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Interfund Activity</th>
<th>Receivable</th>
<th>Payable</th>
<th>Transfer In</th>
<th>Transfer Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$</td>
<td>0</td>
<td>$542,357</td>
<td>$0</td>
</tr>
<tr>
<td>Special Revenue Fund</td>
<td>500,538</td>
<td>0</td>
<td>406,000</td>
<td>0</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>41,819</td>
<td>0</td>
<td>1,524,375</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>$542,357</td>
<td>$542,357</td>
<td>$1,930,375</td>
<td>$1,930,375</td>
</tr>
</tbody>
</table>

The Library typically transfers monies from the General Fund to the Special Revenue Fund and the Debt Service Fund so that it has the amount required to pay its current year expenditures and the installments on its bonds payable.
NOTE 7: **Retirement Plan**

**A. Plan Description and Benefits Provided:** The Smithtown Special Library District 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, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Smithtown Special Library District 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. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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.

**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.
NOTE 7: 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, 1959 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.

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.
NOTE 7: 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 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.

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.
NOTE 7: 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 $1,034,654, for the 2020 fiscal year it was $943,671 and for the 2019 fiscal year it was $911,626.

Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the traded rate of 9.5% of employees’ covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System’s average rate and the previous graded rate.
- For subsequent State fiscal years in which the System’s average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.
NOTE 7: Retirement Plan (Continued)

C. Contributions: (Continued) Once a public employer elects to participate in the System, the election is irrevocable. This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years when the local employer opts to participate in the program.

During the year ended December 31, 2013, the Library opted to participate in this program. In the current year $28,590 was charged to expenditures in the governmental funds. The unpaid liability at December 31, 2021 is $60,389, plus interest at 3.7% and is reported as a non-current liability in the government-wide statements.

During the year ended December 31, 2014, the Library also opted to participate in this program. In the current year $46,120 was charged to expenditures in the governmental funds. The unpaid liability at December 31, 2021 is $147,481, plus interest at 3.15% and is reported as a non-current liability in the government-wide statements.

D. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: At December 31, 2021, the Smithtown Special Library District reported a liability of $21,696 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Smithtown Special Library District’s proportion of the net pension liability was based on a projection of the Smithtown Special Library District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2021, the Smithtown Special Library District’s proportion was 0.0217890 percent, which was an increase of .0002451 percent from its proportion measured at December 31, 2020.

For the year ended December 31, 2021, the Smithtown Special Library District recognized pension expense of $470,973.
NOTE 7: Retirement Plan (Continued)

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

At December 31, 2021, the Smithtown Special Library District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Deferred Outflow of Resources</th>
<th>Deferred Inflow of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference between expected and actual experience</td>
<td>$264,969</td>
<td>$0</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>3,989,227</td>
<td>75,238</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>0</td>
<td>6,232,419</td>
</tr>
<tr>
<td>Changes in proportion and differences between employer contributions and proportionate share of contributions</td>
<td>22,106</td>
<td>60,429</td>
</tr>
<tr>
<td>Library's contributions subsequent to the measurement date</td>
<td>797,060</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>$5,073,362</td>
<td>$6,368,086</td>
</tr>
</tbody>
</table>

$797,060 reported as deferred outflows of resources related to pensions resulting from Smithtown Special Library District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>Amount Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$(394,623)</td>
</tr>
<tr>
<td>2023</td>
<td>$(148,462)</td>
</tr>
<tr>
<td>2024</td>
<td>$(346,342)</td>
</tr>
<tr>
<td>2025</td>
<td>$(1,202,357)</td>
</tr>
<tr>
<td>2026</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>$(2,091,784)</td>
</tr>
</tbody>
</table>
NOTE 7: Retirement Plan (Continued)

E. Actuarial Assumptions: The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation (prepared for the NYS Retirement System as a whole) 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, 2019 used April 1, 2010 – March 31, 2015 System experience, mortality improvements based on the Society of Actuaries’ Scale MP-2018, inflation of 2.5%, cost-of-living adjustments of 1.3%, salary increases of 4.5%, and investment rate of return of 6.8%.

The actuarial assumptions used in the April 1, 2020 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.
NOTE 7: 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:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Long-Term Expected Real Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equity</td>
<td>32.00%</td>
<td>4.05%</td>
</tr>
<tr>
<td>International equity</td>
<td>15.00%</td>
<td>6.30%</td>
</tr>
<tr>
<td>Private equity</td>
<td>10.00%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Real estate</td>
<td>9.00%</td>
<td>4.95%</td>
</tr>
<tr>
<td>Opportunistic portfolio</td>
<td>3.00%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Credit</td>
<td>4.00%</td>
<td>3.63%</td>
</tr>
<tr>
<td>Real assets</td>
<td>3.00%</td>
<td>5.95%</td>
</tr>
<tr>
<td>Fixed income</td>
<td>23.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.00%</td>
<td>0.50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

The real rate of return is net of the long-term inflation assumption of 2.0%

Discount Rate – The discount rate used to measure the total pension liability 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 liability.
NOTE 7: 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 current-period net pension liability 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:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease (4.9%)</th>
<th>Current Assumption (5.9%)</th>
<th>1% Increase (6.9%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library's proportionate share of the net pension liability</td>
<td>$ 6,022,019</td>
<td>$ 21,696</td>
<td>$ (5,512,006)</td>
</tr>
</tbody>
</table>

*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, 2021, in thousands of dollars was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers' total pension liability</td>
<td>$ 220,680,157</td>
</tr>
<tr>
<td>Plan net position</td>
<td>(220,580,583)</td>
</tr>
<tr>
<td>Employers' net pension liability</td>
<td>$ 99,574</td>
</tr>
<tr>
<td>Ratio of plan net position to the Employers' total pension liability</td>
<td>99.95%</td>
</tr>
</tbody>
</table>
NOTE 8: 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 Smithtown Special Library District. 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. In 2017, The Library entered into an agreement with Hartford Insurance Company as an additional provider of retiree health insurance. The Library, as a participant in both plans, recognizes these postemployment benefits on an accrual basis.

B. Benefits Provided: Contribution requirements are determined by the Library Board. Currently, providing that the employee has completed at least 11 years of service as of December 31, 2017, the Library will pay 100% of the cost for the retiree and 100% for the spouse, less $100 per month. For active employees that have completed less than 11 years of service as of December 31, 2017, the retiree will contribute towards their healthcare premiums at the same rate at the time of their active employment immediately prior to retirement, according to the following schedule:

<table>
<thead>
<tr>
<th>Year of Retirement</th>
<th>Retiree Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>18.00%</td>
</tr>
<tr>
<td>2019</td>
<td>18.50%</td>
</tr>
<tr>
<td>2020</td>
<td>19.00%</td>
</tr>
<tr>
<td>2021</td>
<td>19.50%</td>
</tr>
<tr>
<td>2022+</td>
<td>20.00%</td>
</tr>
</tbody>
</table>

For 2021, The Library recognized the cost of providing retiree health insurance by recording its share of insurance premiums of $735,684 as an expenditure in the General Fund. Smithtown Special Library District also reimbursed retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to $127,276. The retiree’s share of premiums for health insurance was $23,906.
NOTE 8: Post-employment Benefits Other Than Pensions (Continued)

B. Benefits Provided: (Continued)

As of January 1, 2020, the following employees were covered by the benefit terms:

- Active employees: 69
- Inactive employees entitled to but not yet receiving benefit payments: 0
- Inactive employees or beneficiaries currently receiving benefit payments: 85
- Total: 154

C. Total Other Post-employment Benefit (OPEB) Liability: The Library’s total OPEB liability of $28,817,343 was updated through December 31, 2021, and was determined by an actuarial valuation as of January 1, 2020.

D. Actuarial Assumptions and Other Inputs:

- Inflation Rate: 2.00%
- Payroll Growth Rate: 2.50%
- Discount Rate: 2.06%
- 2020 Medical Trend Rates (Pre-65/Post-65): 7.50% / 5.00%
- 2021 Medical Trend Rates (Pre-65/Post-65): 7.00% / 5.00%
- Ultimate Medical Trend Rate (Pre-65/Post-65): 4.50% / 5.00%
- Year Ultimate Trend Year Reached (Pre-65/Post-65): 2026/2020

The discount rate was based on the Bond-Buyer’s 20-Bond Index as of December 31, 2021.

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-2019 scale.
NOTE 8:  Post-employment Benefits Other Than Pensions (Continued)

E. Changes In The Total OPEB Liability:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2020</td>
<td>$27,808,926</td>
</tr>
<tr>
<td>Changes for the year:</td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>1,113,941</td>
</tr>
<tr>
<td>Interest</td>
<td>602,922</td>
</tr>
<tr>
<td>Changes in benefit terms</td>
<td>0</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>0</td>
</tr>
<tr>
<td>Changes in assumptions and other inputs</td>
<td>263,025</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(971,471)</td>
</tr>
<tr>
<td>Net changes</td>
<td>1,008,417</td>
</tr>
<tr>
<td>Balance at December 31, 2021</td>
<td>$28,817,343</td>
</tr>
</tbody>
</table>

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 (1.06%) or 1 percentage point higher (3.06%) than the current discount rate:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1.06%)</td>
<td>(2.06%)</td>
</tr>
<tr>
<td>Total OPEB Liability</td>
<td>$33,749,407</td>
<td>$28,817,343</td>
</tr>
</tbody>
</table>

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 (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rate:

<table>
<thead>
<tr>
<th></th>
<th>Healthcare Cost Trend Rate</th>
<th></th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1% Decrease</td>
<td>(6.00% Decreasing to 3.50%)</td>
<td>1% Decrease</td>
</tr>
<tr>
<td>Total OPEB Liability</td>
<td>$23,726,102</td>
<td>$28,817,343</td>
<td>$35,627,323</td>
</tr>
</tbody>
</table>
NOTE 8: Post-employment Benefits Other Than Pensions (Continued)

E. Changes In The Total OPEB Liability: (Continued)

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 2.12% at December 31, 2020 and was 2.06% at December 31, 2021.

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB: For the year ending December 31, 2021, the Library recognized OPEB expense of $1,835,021. At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflow of Resources</th>
<th>Deferred Inflow of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$0</td>
<td>$3,029,360</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>4,294,936</td>
<td>909,517</td>
</tr>
<tr>
<td>Total</td>
<td>$4,294,936</td>
<td>$3,938,877</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>Amount Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$118,158</td>
</tr>
<tr>
<td>2023</td>
<td>118,158</td>
</tr>
<tr>
<td>2024</td>
<td>272,402</td>
</tr>
<tr>
<td>2025</td>
<td>136,992</td>
</tr>
<tr>
<td>2026</td>
<td>(328,822)</td>
</tr>
<tr>
<td>Thereafter</td>
<td>39,171</td>
</tr>
<tr>
<td>Total</td>
<td>$356,059</td>
</tr>
</tbody>
</table>
NOTE 9: Deferred Outflows/Inflows of Resources

The components of the deferred outflows and inflows of resources at December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Description of Deferred Outflows/Inflows</th>
<th>Deferred Outflow of Resources</th>
<th>Deferred Inflow of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related to Pension (see note 7)</td>
<td>$5,073,362</td>
<td>$6,368,086</td>
</tr>
<tr>
<td>Tax revenues received in advance</td>
<td>0</td>
<td>65,296</td>
</tr>
<tr>
<td>Related to post-employment benefits (see Note 8)</td>
<td>4,294,936</td>
<td>3,938,877</td>
</tr>
<tr>
<td>Refunding of serial bonds</td>
<td>492,293</td>
<td>940,422</td>
</tr>
<tr>
<td>Total</td>
<td>$9,860,591</td>
<td>$11,312,681</td>
</tr>
</tbody>
</table>

NOTE 10: Bonds Payable

During the 2016 fiscal year, the Smithtown Special Library District issued $14,865,000 in refunding serial bonds with interest rates ranging from 3.0% to 5.0%, depending on maturity. The proceeds were used to advance refund $15,825,000 of outstanding 2008 serial bonds bearing interest rates at a rate ranging from 4.0% to 6.0%. The net proceeds of $17,567,207 (including $2,957,392 of issuance premium and after $96,700 in underwriter’s fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds. As a result, the 2008 serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $255,185 in the governmental activities. These amounts and the premium are being amortized over the remaining life of the refunded debt. The Smithtown Special Library District advanced refunded the serial bonds to reduce its total debt service payments over 12 years by $2,401,284 and to obtain a net present value economic gain of $2,164,150. As of December 31, 2021, $9,120,000 remained payable. Future payments are due each year as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>Principal Payments</th>
<th>Interest Payments</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$1,110,000</td>
<td>$456,000</td>
<td>$1,566,000</td>
</tr>
<tr>
<td>2023</td>
<td>1,170,000</td>
<td>400,500</td>
<td>1,570,500</td>
</tr>
<tr>
<td>2024</td>
<td>1,230,000</td>
<td>342,000</td>
<td>1,572,000</td>
</tr>
<tr>
<td>2025</td>
<td>1,295,000</td>
<td>280,500</td>
<td>1,575,500</td>
</tr>
<tr>
<td>2026</td>
<td>1,365,000</td>
<td>215,750</td>
<td>1,580,750</td>
</tr>
<tr>
<td>2027-2028</td>
<td>2,950,000</td>
<td>223,250</td>
<td>3,173,250</td>
</tr>
<tr>
<td>Total</td>
<td>$9,120,000</td>
<td>$1,918,000</td>
<td>$11,038,000</td>
</tr>
</tbody>
</table>
NOTE 11:  Fund Balances Committed for Specific Purposes:

A summary of changes in committed funds for the year ending December 31, 2021 is as follows:

<table>
<thead>
<tr>
<th>Funds Committed For:</th>
<th>Balance as of 1/1/2021</th>
<th>Funds Committed (Uncommitted)</th>
<th>Funds Expended</th>
<th>Balance as of 12/31/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital improvements and equipment replacement</td>
<td>$650,000</td>
<td>$(81,000)</td>
<td>$0</td>
<td>$569,000</td>
</tr>
<tr>
<td>Retirement and future benefit payments</td>
<td>$200,000</td>
<td>$175,000</td>
<td>0</td>
<td>$375,000</td>
</tr>
<tr>
<td>Special Revenue Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking lot project</td>
<td>0</td>
<td>340,000</td>
<td>(95,580)</td>
<td>244,420</td>
</tr>
<tr>
<td>HVAC project</td>
<td>0</td>
<td>66,000</td>
<td>(28,990)</td>
<td>37,010</td>
</tr>
<tr>
<td>Total</td>
<td>$850,000</td>
<td>$500,000</td>
<td>(124,570)</td>
<td>$1,225,430</td>
</tr>
</tbody>
</table>

NOTE 12:  Funds Restricted for Specific Purposes

The components of the fund balance restricted for specific purposes as December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Funds Restricted For:</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Island Room</td>
<td>$0</td>
<td>$5,000</td>
<td>0</td>
<td>$5,000</td>
</tr>
<tr>
<td>Debt service</td>
<td>0</td>
<td></td>
<td>42,804</td>
<td>42,804</td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
<td>$5,000</td>
<td>42,804</td>
<td>$47,804</td>
</tr>
</tbody>
</table>
NOTE 13: **Commitments and Contingencies**

During May 2019 the Library entered into an agreement to lease a copier. The agreement requires thirty-nine monthly payments of $159. For the year ending December 31, 2021 the Library made total lease payments of $1,908. The future minimum lease commitment is detailed as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$1,272</td>
</tr>
<tr>
<td>2023</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,272</td>
</tr>
</tbody>
</table>
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.

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

**Total Fund Balance- Modified Accrual Basis**  
$9,344,223

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

- Capital assets are not financial resources, and are not reported in the funds  
  $19,155,061
- Deferred outflow on pension is not reported in the funds  
  $5,073,362
- Deferred outflow on refunding of bonds  
  $492,293
- Deferred outflow on OPEB  
  $4,294,936
- Compensated absences, not anticipated to be paid within the next twelve months, are not included in the funds  
  $(1,704,392)
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds  
  $(28,817,343)
- Net pension liability is not included in the funds  
  $(21,696)
- Liability for future installments due on the NYS retirement incentive are not included in the funds  
  $(207,870)
- Deferred inflow on pension is not reported in the funds.  
  $(6,368,086)
- Deferred inflows on OPEB is not reported in the funds  
  $(3,938,877)
- Deferred inflow on refunding of bonds is not reported in the funds  
  $(940,422)
- Bonds payable in future periods are not reported in the funds  
  $(9,120,000)

**Total Net Position- Full Accrual Basis**  
$(12,758,811)
NOTE 14: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)

Net Change in Fund Balance- Modified Accrual Basis  $ 639,563

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 expensed over their estimated useful lives as depreciation:
  - Capital outlay  305,123
  - Depreciation expense  (971,569)

- (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:
  - Compensated absences  24,317
  - Post-employment health costs  (863,550)
  - Net pension expenses  541,032
  - The amortization of the deferred refunding credit on the old bonds is not an expense in the funds  127,909

- Payments on the NYS retirement incentive is not an expense in the statement of activities, rather it is a reduction of the liability  74,710

- Repayment of principal on the bonds is not an expense in the statement of activities, rather it is a reduction of the liability  1,055,000

Change In Net Position- Full Accrual Basis  $ 932,535
## SMITHTOWN SPECIAL LIBRARY DISTRICT
### REQUIRED SUPPLEMENTARY INFORMATION
#### BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
#### FOR THE YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District taxes</td>
<td>$15,178,409</td>
<td>$15,178,409</td>
<td>$15,178,409</td>
<td>$0</td>
</tr>
<tr>
<td>Payments in lieu of taxes</td>
<td>200,000</td>
<td>200,000</td>
<td>252,847</td>
<td>52,847</td>
</tr>
<tr>
<td>State aid and grants</td>
<td>33,300</td>
<td>33,300</td>
<td>38,949</td>
<td>5,649</td>
</tr>
<tr>
<td>Library charges</td>
<td>1,800</td>
<td>1,800</td>
<td>448</td>
<td>(1,352)</td>
</tr>
<tr>
<td>E-commerce fines</td>
<td>15,000</td>
<td>15,000</td>
<td>19</td>
<td>(14,981)</td>
</tr>
<tr>
<td>Patron print fees</td>
<td>15,000</td>
<td>15,000</td>
<td>9,694</td>
<td>(5,306)</td>
</tr>
<tr>
<td>Patron computer fees</td>
<td>500</td>
<td>500</td>
<td>375</td>
<td>(125)</td>
</tr>
<tr>
<td>Passport processing and other fees</td>
<td>21,000</td>
<td>21,000</td>
<td>11,992</td>
<td>(9,008)</td>
</tr>
<tr>
<td>Lost and paid</td>
<td>9,950</td>
<td>9,950</td>
<td>11,152</td>
<td>1,202</td>
</tr>
<tr>
<td>Copier commissions</td>
<td>2,000</td>
<td>2,000</td>
<td>0</td>
<td>(2,000)</td>
</tr>
<tr>
<td>Interest income</td>
<td>50,000</td>
<td>50,000</td>
<td>16,773</td>
<td>(33,227)</td>
</tr>
<tr>
<td>Gifts and donations</td>
<td>2,000</td>
<td>2,000</td>
<td>19,179</td>
<td>17,179</td>
</tr>
<tr>
<td>Refund of prior year expense</td>
<td>500</td>
<td>500</td>
<td>6,332</td>
<td>5,832</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>250</td>
<td>250</td>
<td>95</td>
<td>(155)</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$15,529,709</td>
<td>$15,529,709</td>
<td>$15,546,264</td>
<td>$16,555</td>
</tr>
</tbody>
</table>

|                      |                 |              |                 |                                   |
| **Non-Operating Revenue:** | $104,594      | $104,594     | 0               | (104,594)                         |
| **Total Revenues**    | $15,634,303    | $15,634,303  | $15,546,264     | $88,039                           |

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salaries and Wages:</strong></td>
<td>$3,681,800</td>
<td>$3,681,800</td>
<td>$3,708,531</td>
<td>(26,731)</td>
</tr>
<tr>
<td>Librarians, full-time</td>
<td>400,000</td>
<td>400,000</td>
<td>384,673</td>
<td>15,327</td>
</tr>
<tr>
<td>Librarians, part-time</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>1,629,035</td>
<td>(129,035)</td>
</tr>
<tr>
<td>Clerical staff, full-time</td>
<td>600,050</td>
<td>600,050</td>
<td>588,554</td>
<td>11,496</td>
</tr>
<tr>
<td>Clerical staff, part-time</td>
<td>275,000</td>
<td>275,000</td>
<td>264,955</td>
<td>10,045</td>
</tr>
<tr>
<td>Pages</td>
<td>200,000</td>
<td>200,000</td>
<td>170,981</td>
<td>29,019</td>
</tr>
<tr>
<td>Custodial staff, full-time</td>
<td>200,017</td>
<td>200,017</td>
<td>192,477</td>
<td>7,540</td>
</tr>
<tr>
<td>Custodial staff, part-time</td>
<td>59,150</td>
<td>59,150</td>
<td>45,424</td>
<td>13,726</td>
</tr>
<tr>
<td>Messenger/Groundskeeper</td>
<td>115,000</td>
<td>115,000</td>
<td>67,945</td>
<td>47,055</td>
</tr>
<tr>
<td>Sunday salaries</td>
<td>150,000</td>
<td>150,000</td>
<td>0</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total Salaries and Wages</strong></td>
<td>$7,181,017</td>
<td>$7,181,017</td>
<td>$7,052,575</td>
<td>$128,442</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SMITHTOWN SPECIAL LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>Expenditures: (Continued)</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Benefits:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State retirement</td>
<td>$ 1,059,000</td>
<td>$ 1,059,000</td>
<td>$ 1,012,003</td>
<td>$ 46,997</td>
</tr>
<tr>
<td>Social Security</td>
<td>549,286</td>
<td>549,286</td>
<td>514,605</td>
<td>34,681</td>
</tr>
<tr>
<td>Hospital &amp; medical insurance</td>
<td>2,100,000</td>
<td>2,100,000</td>
<td>1,858,878</td>
<td>241,122</td>
</tr>
<tr>
<td>CSEA benefit fund</td>
<td>135,000</td>
<td>135,000</td>
<td>146,038</td>
<td>(11,038)</td>
</tr>
<tr>
<td>Workers' compensation insurance</td>
<td>95,700</td>
<td>95,700</td>
<td>92,668</td>
<td>3,032</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>5,000</td>
<td>5,000</td>
<td>0</td>
<td>5,000</td>
</tr>
<tr>
<td>Employee Assistance Program</td>
<td>5,500</td>
<td>5,500</td>
<td>4,888</td>
<td>612</td>
</tr>
<tr>
<td><strong>Total Employee Benefits</strong></td>
<td>3,949,486</td>
<td>3,949,486</td>
<td>3,629,080</td>
<td>320,406</td>
</tr>
</tbody>
</table>

| Library Materials and Programs: |                |              |                |                                  |
| Books                      | 277,650        | 294,452      | 268,508        | 25,944                           |
| Electronic format          | 620,700        | 620,700      | 532,226        | 88,474                           |
| Recordings                 | 100,000        | 83,198       | 69,494         | 13,704                           |
| Periodicals                | 35,000         | 45,000       | 38,329         | 6,671                            |
| Serials                    | 57,000         | 57,000       | 41,976         | 15,024                           |
| Lost and paids             | 1,500          | 1,500        | 1,887          | (387)                            |
| Non-book materials         | 9,200          | 9,200        | 8,850          | 350                              |
| Binding                    | 500            | 500          | 0              | 500                              |
| Programs                   | 96,200         | 96,200       | 65,794         | 30,406                           |
| **Total Library Materials and Programs** | 1,197,750      | 1,207,750    | 1,027,064      | 180,686                          |

| Library Operations:        |                |              |                |                                  |
| Office and library supplies | 86,500         | 86,500       | 68,791         | 17,709                           |
| Telecommunications         | 116,400        | 116,400      | 78,554         | 37,846                           |
| Shared network maintenance | 78,000         | 78,000       | 74,105         | 3,895                            |
| Printing                  | 35,000         | 35,000       | 27,039         | 7,961                            |
| SCLS member support       | 161,000        | 161,000      | 156,223        | 4,777                            |
| Postage                   | 15,000         | 15,000       | 12,652         | 2,348                            |
| Travel and conference     | 8,000          | 8,000        | 5,379          | 2,621                            |
| Membership dues           | 4,000          | 4,000        | 2,274          | 1,726                            |
| Staff development         | 5,500          | 5,500        | 3,670          | 1,830                            |
| Maintenance of equipment/vehicles | 5,000        | 5,000        | 2,396          | 2,604                            |
| Professional fees         | 305,000        | 305,000      | 404,963        | (99,963)                         |
| Miscellaneous             | 100            | 100          | 66             | 34                               |
| **Total Library Operations** | $ 819,500      | $ 819,500    | $ 836,112      | $ (16,612)                      |

The accompanying notes are an integral part of the financial statements.
### Expenditures: (Continued)

**Building Operations:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel and utilities</td>
<td>$229,300</td>
<td>$229,300</td>
<td>$228,368</td>
<td>$932</td>
</tr>
<tr>
<td>Insurance</td>
<td>96,000</td>
<td>86,000</td>
<td>79,927</td>
<td>6,073</td>
</tr>
<tr>
<td>Building and equipment repairs</td>
<td>200,000</td>
<td>200,000</td>
<td>221,468</td>
<td>(21,468)</td>
</tr>
<tr>
<td>Custodial supplies</td>
<td>20,000</td>
<td>20,000</td>
<td>11,116</td>
<td>8,884</td>
</tr>
<tr>
<td><strong>Total Building Operations</strong></td>
<td>545,300</td>
<td>535,300</td>
<td>540,879</td>
<td>(5,579)</td>
</tr>
</tbody>
</table>

**Capital Outlay:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>92,500</td>
<td>92,500</td>
<td>90,742</td>
<td>1,758</td>
</tr>
<tr>
<td>Building equipment</td>
<td>260,000</td>
<td>260,000</td>
<td>67,372</td>
<td>192,628</td>
</tr>
<tr>
<td>Other capital outlay</td>
<td>25,000</td>
<td>25,000</td>
<td>0</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>Total Capital Outlay</strong></td>
<td>377,500</td>
<td>377,500</td>
<td>158,114</td>
<td>219,386</td>
</tr>
</tbody>
</table>

**Total Expenditures**

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,070,553</td>
<td>14,070,553</td>
<td>13,243,824</td>
<td>826,729</td>
</tr>
</tbody>
</table>

**Other Financing Uses:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Special Revenue fund</td>
<td>0</td>
<td>0</td>
<td>406,000</td>
<td>406,000</td>
</tr>
<tr>
<td>Transfer to Debt Service fund</td>
<td>1,563,750</td>
<td>1,563,750</td>
<td>1,524,375</td>
<td>(39,375)</td>
</tr>
<tr>
<td><strong>Total Other Financing Uses</strong></td>
<td>1,563,750</td>
<td>1,563,750</td>
<td>1,930,375</td>
<td>366,625</td>
</tr>
</tbody>
</table>

**Total Expenditures and Other Financing Uses**

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,634,303</td>
<td>15,634,303</td>
<td>15,174,199</td>
<td>460,104</td>
</tr>
</tbody>
</table>

**Excess Of Revenues Over Expenditures and Other Financing Uses**

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>372,065</td>
<td>372,065</td>
</tr>
</tbody>
</table>

**Budgetary fund balance- beginning of year**

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,290,857</td>
<td>8,290,857</td>
<td>8,290,857</td>
<td>8,290,857</td>
</tr>
</tbody>
</table>

**Budgetary Fund Balance- End Of Year**

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Balances</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,290,857</td>
<td>$8,290,857</td>
<td>$8,662,922</td>
<td>$8,662,922</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SMITHTOWN SPECIAL LIBRARY DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
NYSLRS PENSION PLAN  
FOR THE 2021 FISCAL YEAR**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Library's proportion of the net pension liability (asset)</td>
<td>0.02179%</td>
<td>0.02154%</td>
<td>0.02161%</td>
<td>0.02210%</td>
<td>0.02224%</td>
<td>0.02238%</td>
<td>0.02148%</td>
</tr>
<tr>
<td>Library's proportionate share of the net pension liability (asset)</td>
<td>$ 21,696</td>
<td>$ 5,704,951</td>
<td>$ 1,531,338</td>
<td>$ 713,318</td>
<td>$ 2,089,502</td>
<td>$ 3,592,063</td>
<td>$ 725,674</td>
</tr>
<tr>
<td>Library's covered-employee payroll</td>
<td>$ 6,029,846</td>
<td>$ 6,008,788</td>
<td>$ 5,804,307</td>
<td>$ 5,639,232</td>
<td>$ 5,631,188</td>
<td>$ 5,559,012</td>
<td>$ 5,809,803</td>
</tr>
<tr>
<td>Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>0.3598%</td>
<td>94.9435%</td>
<td>26.3828%</td>
<td>12.6492%</td>
<td>37.1059%</td>
<td>64.6169%</td>
<td>12.4905%</td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>99.95%</td>
<td>86.39%</td>
<td>96.27%</td>
<td>98.24%</td>
<td>94.70%</td>
<td>90.70%</td>
<td>97.95%</td>
</tr>
</tbody>
</table>

** 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.
SMITHTOWN SPECIAL LIBRARY DISTRICT
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2021 FISCAL YEAR

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contribution</td>
<td>$ 1,034,654</td>
<td>$ 943,671</td>
<td>$ 911,626</td>
<td>$ 906,247</td>
<td>$ 917,016</td>
<td>$ 938,458</td>
<td>$ 1,080,989</td>
</tr>
<tr>
<td>Contributions in relation to the contractually required contribution</td>
<td>1,034,654</td>
<td>943,671</td>
<td>911,626</td>
<td>906,247</td>
<td>917,016</td>
<td>938,458</td>
<td>1,080,989</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 0</td>
</tr>
<tr>
<td>Library's covered-employee payroll</td>
<td>$ 6,029,846</td>
<td>$ 6,008,788</td>
<td>$ 5,804,307</td>
<td>$ 5,639,232</td>
<td>$ 5,631,188</td>
<td>$ 5,559,012</td>
<td>$ 5,809,803</td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>17.16%</td>
<td>15.70%</td>
<td>15.71%</td>
<td>16.07%</td>
<td>16.28%</td>
<td>16.88%</td>
<td>18.61%</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SMITHTOWN SPECIAL LIBRARY DISTRICT  
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Cost</td>
<td>$1,113,941</td>
<td>$918,683</td>
<td>$749,247</td>
<td>$864,033</td>
</tr>
<tr>
<td>Interest</td>
<td>602,922</td>
<td>689,028</td>
<td>984,273</td>
<td>886,224</td>
</tr>
<tr>
<td>Changes of benefit terms</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>0</td>
<td>(4,245,970)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes in assumptions or other inputs</td>
<td>263,025</td>
<td>1,638,215</td>
<td>5,327,527</td>
<td>(2,327,865)</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(971,471)</td>
<td>(967,365)</td>
<td>(1,073,469)</td>
<td>(1,054,923)</td>
</tr>
<tr>
<td>Net Change in total OPEB liability</td>
<td>1,008,417</td>
<td>(1,967,409)</td>
<td>5,987,578</td>
<td>(1,632,531)</td>
</tr>
<tr>
<td>Total OPEB liability- beginning</td>
<td>27,808,926</td>
<td>29,776,335</td>
<td>23,788,757</td>
<td>25,421,288</td>
</tr>
<tr>
<td>Total OPEB liability- ending</td>
<td>$28,817,343</td>
<td>$27,808,926</td>
<td>$29,776,335</td>
<td>$23,788,757</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$4,933,331</td>
<td>$4,813,006</td>
<td>$4,815,457</td>
<td>$4,698,007</td>
</tr>
<tr>
<td>Total OPEB liability as a % of covered-employee payroll</td>
<td>584.14%</td>
<td>577.79%</td>
<td>618.35%</td>
<td>506.36%</td>
</tr>
</tbody>
</table>

Notes to schedule:

Assumption changes:
- Discount rate: 2.06% to 2.12% to 2.74% to 4.10%
- Mortality Improvement Scale: MP-2019 to MP-2019 to MP-2016 to MP-2016
- Pre-65 Trend Rate: 7.0% down to 4.5% to 4.5% to 5.0% to 5.0%

Plan changes: None

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