

EASTERN SHORE PUBLIC LIBRARY

(A Component Unit of the County of Accomack, Virginia)

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

EASTERN SHORE PUBLIC LIBRARY

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2022-2023

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EASTERN SHORE PUBLIC LIBRARY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Governmental-wide Financial Statements	
Governmental Fund Balance Sheet / Statement of Net Position	4
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances / Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Notes to Financial Statements	8-29
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	30
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	31
Schedule of Employer Contributions - Pension	32
Notes to Required Supplementary Information - Pension	33
Other Supplementary Information	
Schedule of Revenues – Budget and Actual – General Fund	34
Schedule of Expenditures – Budget and Actual – General Fund	35
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
Chantilly, VA 20151

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Eastern Shore Public Library
Accomac, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eastern Shore Public Library (a component unit of the County of Accomack, Virginia), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Eastern Shore Public Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eastern Shore Public Library as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eastern Shore Public Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Eastern Shore Public Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Phone: (703) 631-8940

FAX: (703) 631-8939

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule of changes in the Eastern Shore Public Library's net pension liability and related ratios, and the schedule of employer contributions on pages 31 through 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eastern Shore Public Library's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Eastern Shore Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Eastern Shore Public Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Shore Public Library's internal control over financial reporting and compliance.



Certified Public Accountants
Chantilly, Virginia

December 5, 2023

**EASTERN SHORE PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government			Component Unit
	Governmental Funds	Adjustments	Statement of Net Position	Eastern Shore Public Library Foundation
ASSETS				
Cash and cash equivalents	\$ 429,735	\$ -	\$ 429,735	\$ 405,431
Beneficial interest in agency fund held by third party	-	-	-	623,504
Contributions receivable	-	-	-	44,955
Prepaid expenses	25,394	-	25,394	7,947
Capital assets				
Nondepreciable: Land	-	5,000	5,000	-
Depreciable, net	-	862,170	862,170	-
Security deposit	1,600	-	1,600	300
Right-to-use asset	-	20,800	20,800	-
Total Assets	<u>456,729</u>	<u>887,970</u>	<u>1,344,699</u>	<u>1,082,137</u>
DEFERRED OUTFLOWS OF RESOURCES				
Items related to pension	-	63,258	63,258	-
Total Deferred Outflows of Resources	<u>-</u>	<u>63,258</u>	<u>63,258</u>	<u>-</u>
LIABILITIES				
Accounts payable	12,495	-	12,495	-
Deferred revenue	-	-	-	14,168
Accrued payroll and related liabilities	1,004	-	1,004	-
Compensated absences	-	20,513	20,513	-
Lease liability	-	20,800	20,800	-
Net pension liability	-	67,309	67,309	-
Total Liabilities	<u>13,499</u>	<u>108,622</u>	<u>122,121</u>	<u>14,168</u>
DEFERRED INFLOWS OF RESOURCES				
Items related to pension	-	39,997	39,997	-
Total Deferred Inflows of Resources	<u>-</u>	<u>39,997</u>	<u>39,997</u>	<u>-</u>
FUND BALANCES/NET POSITION				
Fund balances				
Unassigned	443,230	(443,230)	-	-
Total Fund Balance	<u>\$ 443,230</u>	<u>(443,230)</u>	<u>-</u>	<u>-</u>
Net position				
Investment in capital assets		867,170	867,170	-
Restricted - nonspendable corpus		-	-	383,731
Restricted - library operations		-	-	261,917
Unrestricted		378,669	378,669	422,321
Total Net Position		<u>\$ 1,245,839</u>	<u>\$ 1,245,839</u>	<u>\$ 1,067,969</u>

The accompanying notes to financial statements are an integral part of this statement.

EASTERN SHORE PUBLIC LIBRARY
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Primary Government			Component Unit
	Governmental	Adjustments	Statement of	Eastern Shore
	Funds		Activities	Public Library
				Foundation
REVENUES				
Fee revenue				
Fines, fees, and other	\$ 30,328	\$ -	\$ 30,328	\$ -
Local governments				
Accomack County	637,380	-	637,380	-
Northampton County	96,425	-	96,425	-
Grants	139,965	-	139,965	-
Intergovernmental				
Commonwealth of Virginia - state aid	659,322	-	659,322	-
Donations and gifts	28,891	-	28,891	248,964
Special events	-	-	-	52,679
Reimbursements and miscellaneous	24,359	-	24,359	-
Investment gain (loss), net of investment fees	-	-	-	(19,548)
Revenue from use of money and property	-	-	-	-
Total revenues	<u>1,616,670</u>	<u>-</u>	<u>1,616,670</u>	<u>282,095</u>
EXPENDITURES/EXPENSES				
Cultural library services				
Salaries	574,174	3,055	577,229	-
Books and related materials	106,924	-	106,924	-
Professional services	106,254	-	106,254	2,253
Fringe benefits	79,020	12,158	91,178	-
Computer operations	55,911	-	55,911	-
Payroll taxes	52,520	-	52,520	-
Depreciation	-	38,240	38,240	-
Utilities	34,854	-	34,854	-
Supplies	328,110	(293,720)	34,390	8,409
Building maintenance	31,109	-	31,109	-
Equipment maintenance	59,357	(43,737)	15,620	-
Insurance	15,350	-	15,350	-
Rent	12,120	-	12,120	-
Miscellaneous	6,770	-	6,770	21,149
Travel	4,928	-	4,928	-
Vehicle maintenance	2,006	-	2,006	-
Postage	1,487	-	1,487	-
Grants	428	-	428	70,330
Fundraising events	-	-	-	23,995
Loan fees and interest	-	-	-	1,179
Advertising	-	-	-	3,061
Total expenditures/expenses	<u>1,471,322</u>	<u>(284,004)</u>	<u>1,187,318</u>	<u>130,376</u>
Transfers (to) from Eastern Shore Public Library Foundation	<u>(104,100)</u>	<u>-</u>	<u>(104,100)</u>	<u>104,100</u>
Change in fund balances/net position	41,248	284,004	325,252	255,819
Fund balances/net position, beginning of year	<u>401,982</u>	<u>518,605</u>	<u>920,587</u>	<u>812,150</u>
Fund balances/net position, end of year	<u>\$ 443,230</u>	<u>\$ 802,609</u>	<u>\$ 1,245,839</u>	<u>\$ 1,067,969</u>

The accompanying notes to financial statements are an integral part of this statement.

**EASTERN SHORE PUBLIC LIBRARY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Total Governmental Funds
ASSETS	
Cash and cash equivalents	\$ 429,735
Prepaid expenses	25,394
Security deposit	1,600
Total Assets	<u>\$ 456,729</u>
LIABILITIES	
Accounts payable	\$ 12,495
Accrued payroll and related liabilities	1,004
Total Liabilities	<u>13,499</u>
FUND BALANCES	
Unassigned	<u>443,230</u>
Total fund balances	<u>443,230</u>
Total liabilities and fund balances	<u>\$ 456,729</u>

Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position:

Fund balance - total governmental funds	\$ 443,230
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Total net position reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets

Land	\$ 5,000	
Depreciable capital assets, net of accumulated depreciation	<u>862,170</u>	
Total capital assets		867,170

Items related to the pension plan, such as contributions made subsequent to the measurement date or the difference between projected and actual earnings on plan investments, are reported as deferred inflows or deferred outflows of resources on the statement of net position

Deferred outflows of resources		63,258
Deferred inflows of resources		(39,997)

Long-term liabilities applicable to the Library's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:

Compensated absences	\$ (20,513)	
Net pension liability	<u>(67,309)</u>	
Total long-term liabilities		<u>(87,822)</u>

Total net position of governmental activities	<u>\$ 1,245,839</u>
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**EASTERN SHORE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30 2023**

	Total Government Funds
REVENUES	
Fee revenue: Fines, fees, and other	\$ 30,328
Participating localities	
Accomack County	637,380
Northampton County	96,425
Grants	139,965
Intergovernmental	
Commonwealth of Virginia - state aid	659,322
Donations and gifts	28,891
Reimbursements and miscellaneous	24,359
Total Revenues	<u>1,616,670</u>
EXPENDITURES	
Current	
Cultural - library services	1,133,865
Capital Outlay	337,457
Total Expenditures	<u>1,471,322</u>
Excess of revenues over expenditures	145,348
Other financing sources	
Transfers out	(104,100)
Net change in fund balances	<u>41,248</u>
Fund balances at beginning of year	401,982
Fund balances at end of year	<u>\$ 443,230</u>
Reconciliation between the Change in Net Position and the Change in Fund Balances	
Net change in fund balances	\$ 41,248
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation in the current period	299,217
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred outflows related to the pension plan	(18,928)
Change in deferred inflows related to the pension plan	104,855
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in compensated absences	(3,055)
Change in net pension liability	(98,085)
Change in net position	<u>\$ 325,252</u>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

A. Organization and Purpose

The Eastern Shore Public Library (the "Library") is a regional library system which enhances the quality of community life and serves the citizens and visitors of Accomack and Northampton Counties by providing access to information to meet their educational, personal, and professional, and recreational needs. Its headquarters and main library are in Accomack, Virginia, but will be moving to Parksley, Virginia in 2021. The Library is fiscally dependent upon the County of Accomack for its annual contribution. These factors warrant its inclusion in the County of Accomack's reporting entity as a discretely presented component unit. The Library follows both counties' fiscal year: July 1 to June 30.

Formed in 1958 with a Regional Agreement, the appointed Library Board draws its corporate powers from Code section 42.1-37 of the Code of Virginia. The Library's Board consists of nine members, of which six are appointed by and serve at the pleasure of the County of Accomack Board of Supervisors, and three are appointed by and serve at the pleasure of the County of Northampton Board of Supervisors. The Accomack Treasurer serves as the Treasurer and the Library Director serves as the Secretary.

The Library has a branch location, Northampton Free Library, in Northampton County's Town of Nassawadox. The Library has developed affiliated relationships with two additional libraries in Chincoteague and Cape Charles. The Chincoteague Island Library is a 501(c) 3 nonprofit organization and the Cape Charles Memorial Library is a Town municipal library. Both libraries have their own boards. Although not mandated, the Library provides certain materials, equipment, technical services, staff training, and staff support for these affiliated facilities. The library system receives State Aid from the Library of Virginia which the Library administers and from which all four libraries benefit.

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all non-fiduciary activities of the Library. Separate financial statements are provided for the governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Library have been prepared in conformity with the specifications promulgated by the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the Library's accounting policies are described below.

Management's Discussion and Analysis - Accounting standards require the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). Management has elected to omit this narrative overview in this year's report.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Discretely Presented Component Unit - The component unit column in the financial statements includes the financial data of the Library's discretely presented component unit. The component unit is reported in a separate column to emphasize that it is legally separate from the Library.

Eastern Shore Public Library Foundation (the Foundation) was organized in 2009 for the purpose of ensuring the long-term financial stability of Eastern Shore Public Library by securing private financial support and grants for capital needs and endowments. The Foundation has a separate board of directors that is not appointed by the Library. The Library is not financially accountable for the Foundation but is entitled to the economic resources received or held by the Foundation and therefore is presented in the financial statements. A copy of the Foundation's financial statements may be obtained by request from the Library.

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the Library's activities and the Library's discretely presented component unit. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the Library and the discretely presented component unit. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense-the cost of "using up" capital assets-in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues (certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In the fund financial statements, financial transactions and accounts of the Library are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and /or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Funds:

Governmental Funds are those through which most governmental functions typically are financed. The Library reports the following major governmental funds:

- a. General Fund - The General Fund is the primary operating fund of the Library. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from state and local distributions, donations and gifts, and interest income.
- b. Permanent Fund - The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the Library's programs. The Permanent Fund accounts for operations of the Eastern Shore Library Endowment Fund. Transfers of income are made periodically to support Library operations.

D. Related Organizations

Friends of the Eastern Shore Public Library: The Friends of the Eastern Shore Public Library is a 501(c)(3) nonprofit organization which consists of persons from the community interested in supporting the Library's services and facilities. The Friends of the Eastern Shore Public Library has its own board of directors, which is not appointed by the Eastern Shore Public Library. The Eastern Shore Public Library is not financially accountable for the Friends of the Eastern Shore Public Library and is not entitled to the economic resources received or held by the Friends of the Eastern Shore Public Library and therefore is not presented in the financial statements. The Friends of the Eastern Shore Public Library has a fiscal year which ended July 31, 2023. For the year ended June 30, 2023, the Friends of the Eastern Shore Public Library donated \$2,418 to the Eastern Shore Public Library.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

D. Related Organizations (Continued)

Friends of the Northampton Free Library: The Friends of the Northampton Free Library is a 501(c)(3) nonprofit organization which consists of persons from the community interested in supporting the Library's services and facilities. The Friends of the Northampton Free Library has its own board of directors, which is not appointed by the Eastern Shore Public Library. The Eastern Shore Public Library is not financially accountable for the Friends of the Northampton Free Library and is not entitled to the economic resources received or held by the Friends of the Northampton Free Library and therefore is not presented in the financial statements. The Friends of the Northampton Free Library has a fiscal year which ended December 31, 2022. For the year ended June 30, 2023, the Friends of the Northampton Free Library donated \$5,330 to the Eastern Shore Public Library.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of at least \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Library are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	7-40 years
Books	5 years
Equipment	5 years
Vehicles	5 years

F. Cash and Cash Equivalents

Eastern Shore Public Library considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in U.S. Treasury notes, Federal Home Loan notes, and repurchase agreements.

Money market investments and external investment pools are measured at amortized cost. All other investments are reported at fair value.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The presentation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Compensated Absences

The Library has a policy which allows for the accumulation and vesting of limited amounts of vacation leave until termination or retirement. The Library has outstanding accrued vacation pay and related benefits totaling \$20,513 at June 30, 2023. The following is a summary of changes in compensated absences in 2023:

<u>Beginning</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u> <u>Balance</u>
\$17,458	\$3,055	\$ -	\$20,513

I. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

J. Net Position Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

K. Fund Balances

Under GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes corpus of a permanent fund, inventories, prepaid amounts, assets held for sale, and long-term receivables.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

K. Fund Balances (Continued)

Restricted fund balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned fund balance - Amounts that are constrained by the Library's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Library's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

L. Budgets and Budgetary Accounting

A budget is prepared for informational and fiscal planning purposes. The budget is adopted as a planning document and legal control on expenses. The budget is prepared on the same basis of accounting as the actual amounts in the financial statements.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has two types of deferred items that qualify for reporting in this category. The first item is pension contributions made subsequent to the measurement date of the net pension liability, which will be recognized as a reduction to the net pension liability next fiscal year. The second is certain items related to measurement of the net pension liability, including differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

M. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

N. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Library's Retirement Plan and additions to/deductions from the Library's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Right to Use Assets

The Library has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

NOTE 2 – Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets being depreciated:				
Buildings	660,459	-	-	660,459
Equipment	328,388	337,457	-	665,845
Vehicle	22,000	-	-	22,000
Total capital assets being depreciated	<u>1,010,847</u>	<u>337,457</u>	<u>-</u>	<u>1,348,304</u>
Accumulated depreciation:				
Buildings	280,695	16,512	-	297,207
Equipment	147,399	19,528	-	166,927
Vehicle	19,800	2,200	-	22,000
Total accumulated depreciation	<u>447,894</u>	<u>38,240</u>	<u>-</u>	<u>486,134</u>
Total capital assets being depreciated, net	<u>562,953</u>	<u>299,217</u>	<u>-</u>	<u>862,170</u>
Governmental activities capital assets, net	<u>\$ 567,953</u>	<u>\$299,217</u>	<u>\$ -</u>	<u>\$ 897,170</u>

NOTE 4 – Collections

The Library has not capitalized its collections of artifacts and archival materials. The Library has a significant number of items that have been donated and have no readily determinable fair value. The Library does not deem the benefit of appraising its collections to exceed the cost to do so.

NOTE 5 – Right-To-Use Assets

Right to use assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Right to use assets being amortized				
Office Space	\$ -	\$38,400	\$ -	\$38,400
Total Right to Use Assets	<u>-</u>	<u>38,400</u>	<u>-</u>	<u>38,400</u>
Less Accumulated Amortization for:				
Office Space	-	17,600	-	17,600
Total accumulated depreciation	<u>-</u>	<u>17,600</u>	<u>-</u>	<u>17,600</u>
Right to Use Assets, Net	<u>\$ -</u>	<u>\$20,800</u>	<u>\$ -</u>	<u>\$20,800</u>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Library's Retirement Plan and the additions to/deductions from the Library's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

Plan Description

All full-time, salaried permanent (professional) employees of the Library are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Same as Plan 1.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	<p>About the Hybrid Retirement Plan (continued)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. <p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
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EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p>Vesting (continued) Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>Vesting (continued) <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution Component: Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p><u>Disability Coverage</u> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p><u>Disability Coverage</u> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><u>Disability Coverage</u> Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution</u> <u>Component:</u> Not applicable.</p>
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Employees Covered by Benefit Terms

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members	15
Active Members	<u>7</u>
Total Covered Employees	<u><u>22</u></u>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Library's contractually required employer contribution rate for the year ended June 30, 2023 was 6.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Library were \$30,083 and \$20,847 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB statement No. 68, less that employer's fiduciary net position. For the Library's, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Library's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Other (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.62%
Private Equity	14.00%	9.73%	1.36%
MAPS – Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP – Private Investment Partnership	3.00%	6.55%	0.21%
Total	<u>100.00%</u>		<u>5.33%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.83%</u>

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2022, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial variations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

Change in the Net Pension Liability (Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2021	\$1,304,863	\$1,335,639	\$(30,776)
Changes for the year:			
Service cost	18,192	-	18,192
Interest	86,312	-	86,312
Assumptions changes	-	-	-
Difference between expected and actual experience	22,951	-	22,951
Contributions – employer	-	17,021	(17,021)
Contributions – employee	-	13,709	(13,709)
Net investment income	-	(546)	546
Benefit payments, including refunds of employee contributions	(88,724)	(88,724)	-
Administrative expense	-	(844)	844
Other changes	-	30	(30)
Net changes	38,731	(59,354)	98,085
Balances at June 30, 2022	<u>\$1,343,594</u>	<u>\$1,276,285</u>	<u>\$67,309</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Library using the discount rate of 6.75%, as well as what the Library's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Library's Net Pension Liability (Asset)	\$222,856	\$67,309	\$(60,491)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Library recognized pension expense of \$38,415. At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$21,433	\$ -
Changes of assumptions	11,742	-
Net difference between projected and actual earnings on plan investments	-	39,997
Employer contributions subsequent to the Measurement Date	30,083	-
Total	<u>\$63,258</u>	<u>\$39,997</u>

EASTERN SHORE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - Retirement Plan (Continued)

\$30,083 reported as deferred outflows of resources related to pensions resulting from Library's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30,	
2024	\$13,549
2025	(11,434)
2026	(26,682)
2027	(17,745)
2028	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 7 – Lease Agreement

The Library has entered into an agreement to lease office space in Onley, Virginia, under an 2-year lease which expires July 31, 2024. The lease agreement qualifies as other than short-term under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the date of its inception. Rent is payable each month in the amount of \$1,600.

NOTE 8 – Long-Term Debt

The Eastern Shore Public Library Foundation's long-term debt consisted of a \$150,000 term loan payable to Small Business Administration dated June 8, 2020, which was fully repaid in the current year

Changes in long-term debt consisted of the following:

Balance at July 1, 2022	\$142,591
Less: Retirements	(76,268)
Balance at June 30, 2023	<u>\$142,591</u>

NOTE 9 – Evaluation of Subsequent Events

The Library has evaluated subsequent events through December 5, 2023, the date which the financial statements were available to be issued.

EASTERN SHORE PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Participating localities	\$ 936,805	\$ 936,805	\$ 873,770	\$ (63,035)
Intergovernmental	875,613	875,613	659,322	(216,291)
Donations and gifts	64,600	74,600	28,891	(45,709)
Reimbursements	21,600	21,600	24,359	2,759
Fines, fees, and other	3,850	3,850	30,328	26,478
Total Revenues	<u>1,902,468</u>	<u>1,912,468</u>	<u>1,616,670</u>	<u>(295,798)</u>
EXPENDITURES				
Current				
Cultural - library services	<u>1,851,885</u>	<u>1,759,958</u>	<u>1,471,322</u>	<u>(288,636)</u>
Total Expenditures	<u>1,851,885</u>	<u>1,759,958</u>	<u>1,471,322</u>	<u>(288,636)</u>
Excess of revenues over expenditures	<u>50,583</u>	<u>152,510</u>	<u>145,348</u>	<u>(7,162)</u>
Other financing sources (uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(104,100)</u>	<u>(104,100)</u>
Net change in fund balances	<u>50,583</u>	<u>152,510</u>	<u>41,248</u>	<u>(111,262)</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>401,982</u>	<u>401,982</u>
Fund balances at end of year	<u>\$ 50,583</u>	<u>\$ 152,510</u>	<u>\$ 443,230</u>	<u>\$ 290,720</u>

EASTERN SHORE PUBLIC LIBRARY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE MEASUREMENT DATES OF JUNE 30, 2014 THROUGH JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 18,192	\$ 23,166	\$ 23,873	\$ 19,901	\$ 20,187	\$ 12,799	\$ 15,249	\$ 21,689	\$ 21,617
Interest	86,312	78,172	75,269	77,057	75,863	75,275	73,844	71,393	68,249
Differences between expected and actual experience	-	35,191	31,526	(22,983)	-	4,843	2,656	(6,111)	-
Changes of assumptions	22,951	53,682	-	27,448	6,212	(254)	-	-	-
Benefit payments, including refunds of employee contributions	(88,724)	(86,899)	(88,426)	(85,854)	(84,551)	(83,971)	(58,644)	(45,275)	(44,624)
Net change in total pension liability	38,731	103,312	42,242	15,569	17,711	8,692	33,105	41,696	45,242
Total pension liability - beginning	1,304,863	1,201,551	1,159,309	1,143,740	1,126,029	1,117,337	1,084,232	1,042,536	997,294
Total pension liability - ending (a)	#####	#####	#####	#####	#####	#####	#####	#####	#####
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 17,021	\$ 14,154	\$ 13,143	\$ 11,722	\$ 5,667	\$ 5,089	\$ 13,949	\$ 16,332	\$ 16,807
Contributions - employee	13,709	11,573	11,854	10,261	10,311	8,958	9,070	10,716	10,749
Net investment income	(546)	294,492	21,521	73,142	81,473	126,055	18,239	48,185	145,762
Benefit payments, including refunds of employee contributions	(88,724)	(86,899)	(88,426)	(85,854)	(84,551)	(83,971)	(58,644)	(45,275)	(44,624)
Administrative expense	(844)	(772)	(774)	(777)	(746)	(781)	(692)	(668)	(792)
Other	30	27	(25)	(46)	(71)	(110)	(8)	(9)	7
Net change in plan fiduciary net position	(59,354)	232,575	(42,707)	8,448	12,083	55,240	(18,086)	29,281	127,909
Plan fiduciary net position - beginning	1,335,639	1,103,064	1,145,771	1,137,323	1,125,240	1,070,000	1,088,086	1,058,805	930,896
Plan fiduciary net position - ending (b)	#####	#####	#####	#####	#####	#####	#####	#####	#####
POLITICAL SUBDIVISION'S NET PENSION LIABILITY (ASSET) - ENDING (a) - (b)	\$ 67,309	\$ (30,776)	\$ 98,487	\$ 13,538	\$ 6,417	\$ 789	\$ 47,337	\$ (3,854)	\$ (16,269)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	94.99%	102.36%	91.80%	98.83%	99.44%	99.93%	95.76%	100.36%	101.56%
COVERED PAYROLL	\$ 387,011	\$ 274,332	\$ 270,420	\$ 268,493	\$ 226,416	\$ 196,515	\$ 192,180	\$ 214,330	\$ 214,972
POLITICAL SUBDIVISION'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	17.39%	-11.22%	36.42%	5.04%	2.83%	0.40%	24.63%	-1.80%	-7.57%

This schedule is intended to show information for 10 years. However, information prior to the 2014 valuation is not available. Additional years will be included as they become available.

**EASTERN SHORE PUBLIC LIBRARY
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH JUNE 30, 2023**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 30,083	\$ 30,083	\$ -	\$ 429,594	7.00%
2022	14,154	14,154	-	387,011	3.66%
2021	13,143	13,143	-	274,332	4.79%
2020	10,261	10,261	-	270,420	3.79%
2019	11,721	11,721	-	268,493	4.37%
2018	5,667	5,667	-	221,804	2.50%
2017	6,308	6,308	-	196,515	3.21%
2016	14,584	14,584	-	192,180	7.59%
2015	16,332	16,332	-	214,330	7.62%
2014	16,510	16,510	-	214,972	7.68%
2013	16,045	16,045	-	208,914	7.68%

Current year contributions are from Library records and prior year contributions are from the VRS actuarial valuations performed each year.

EASTERN SHORE PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - Change of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

NOTE 2 - Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decrease rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decrease rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**EASTERN SHORE PUBLIC LIBRARY
SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
Commonwealth of Virginia - state aid	\$ 875,613	\$ 875,613	\$ 659,322	\$ (216,291)
Total intergovernmental	<u>875,613</u>	<u>875,613</u>	<u>659,322</u>	<u>(216,291)</u>
Participating localities				
Accomack County	640,380	640,380	637,380	(3,000)
Northampton County	96,425	96,425	96,425	-
Grants	<u>200,000</u>	<u>200,000</u>	<u>139,965</u>	<u>(60,035)</u>
Total participating localities	<u>936,805</u>	<u>936,805</u>	<u>873,770</u>	<u>(63,035)</u>
Fines, fees, and other	<u>3,850</u>	<u>3,850</u>	<u>30,328</u>	<u>26,478</u>
Donations and gifts				
Other	<u>64,600</u>	<u>74,600</u>	<u>28,891</u>	<u>(45,709)</u>
Miscellaneous				
Reimbursements	<u>21,600</u>	<u>21,600</u>	<u>24,359</u>	<u>2,759</u>
Total miscellaneous	<u>21,600</u>	<u>21,600</u>	<u>24,359</u>	<u>2,759</u>
Total Revenues	<u><u>\$1,902,468</u></u>	<u><u>\$1,912,468</u></u>	<u><u>\$1,616,670</u></u>	<u><u>\$ (295,798)</u></u>

EASTERN SHORE PUBLIC LIBRARY
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Cultural - library services				
Salaries	\$ 586,197	\$ 586,197	\$ 574,174	\$ (12,023)
Supplies	524,515	524,515	328,110	(196,405)
Books and related materials	106,121	113,121	106,924	(6,197)
Professional services	218,835	124,135	106,254	(17,881)
Fringe benefits	85,123	88,123	79,020	(9,103)
Equipment maintenance	14,000	14,000	59,357	45,357
Computer operations	49,400	53,400	55,911	2,511
Payroll taxes	49,495	49,495	52,520	3,025
Utilities	51,600	41,400	34,854	(6,546)
Building maintenance	79,000	79,000	31,109	(47,891)
Insurance	15,000	15,000	15,350	350
Rent	16,000	16,000	12,120	(3,880)
Miscellaneous	21,572	21,572	6,770	(14,802)
Travel	7,000	7,000	4,928	(2,072)
Vehicle maintenance	5,000	5,000	2,006	(2,994)
Postage	3,000	3,000	1,487	(1,513)
Programs	20,027	19,000	428	(18,572)
Total cultural - library services	<u>\$1,851,885</u>	<u>\$1,759,958</u>	<u>\$1,471,322</u>	<u>\$ (288,636)</u>

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
Chantilly, VA 20151

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Eastern Shore Public Library
Accomac, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eastern Shore Public Library (a component unit of the County of Accomack, Virginia) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Eastern Shore Public Library's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Shore Public Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Shore Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Shore Public Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Shore Public Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Chantilly, Virginia

December 5, 2023