

Financial Update May 22, 2023:

As Ellen mentioned, we have been working hard to mend our shortfalls. We have outlined what we have accomplished so far and what is in progress. We want you to know that we have been working diligently, and will continue to do so, to regain your trust and reinstate confidence that we are taking our fiduciary responsibility seriously.

- 1) Finance/Budget Committee: A new committee was formed with 3 members from the Library Board of Trustees (George Mgrditichian, Lilliana Diaz, Ellen Hauptman) and 2 citizens (Rhett Thurman, Francis Lively) with strong financial and managerial backgrounds who volunteered to help us.
 - a. There are 3 primary goals:
 - i. Create a balanced budget, without relying on reserve funds
 - ii. Identify means to repay the TAN
 - iii. Strive towards having at least 3 months of operating expenses in our bank accounts (long-term goal) to ensure financial health going forward.
 - b. To date, the committee has met 3 times. We reviewed the budget for fiscal year 2023/24 and will be making recommendations to the Library Board of Trustees for adopting a new budget. This new budget includes a reduction of \$243,000 (previously announced budget reductions) and \$286,800 in new reductions.
 - c. The committee is performing detailed analysis on future scenarios to further reduce expenses for fiscal year June 1, 2023 to May 31, 2024.
- 2) Financial Controls:
 - a. With help from the Library staff, we looked at all financial touch points in the Library
 - b. We built controls around all these touch points and many of them are already in place
 - c. Input came from Narwocki Smith (our forensic auditors), Village staff and the NYS Comptroller's Office
 - d. Narwocki Smith approved the initial draft; more items have been added since then, and we are awaiting final approval.
- 3) Monthly financial review with the Library Board of Trustees:
 - a. The monthly board packet now includes much more information than was previously provided enabling the Board to be fully aware of where our money is being spent:
 - i. Bank statements/balances/reconciliations
 - ii. Income and Expense versus Budget
 - iii. Balance Sheet (once Narwocki Smith finalizes all journal entries)

- iv. Audit of Bills with details
 - v. Credit Card usage summaries
 - vi. Overtime explanations
 - vii. Petty Cash Logs/Tracking
 - viii. Monthly Donations Summary
- b. All donations will be deposited into a separate bank account. The Library Board will be making decisions on how to spend these funds, with the intent to spend the monies only on those services that have been eliminated or reduced.
- 4) The Library's Financial Health:
- a. We are defining financial health as:
 - i. The TAN is fully repaid
 - ii. Having at least 3 months of operating expenses in the bank (approximately \$600,000)
 - iii. Having funds available for emergency purposes
 - b. We ran 3 different high-level scenarios:
 - i. We have not included any donations in these scenarios
 - ii. In all 3 scenarios, the library tax is 6%, consistent with the current year
 - iii. The 3 scenarios reduced expenses each year (excluding debt service) by 2%, 3% and 4%
 - iv. In 2 scenarios, the Library is financially healthy during fiscal year 2026/2027 at varying points in the year and the Library is financially healthy early in the 2027/2028 fiscal year with an annual 2% expense reduction
 - v. If we do a scenario with a one-time tax increase to 10% (and reduced thereafter), financial health could be achieved sooner.
 - vi. By fiscal year 2027/2028, the Library will be able to fully reinstate any services that remain eliminated
- 5) The Library Website – we will be creating a new menu item to clearly identify where we are storing financial statements, audit reports and updates to the community. We will also ensure that all meeting schedules, meeting agendas, meeting documents and meeting minutes are available for the public to view in a clearly identified menu item/tab.