

PATCHOGUE-MEDFORD LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2021

PATCHOGUE-MEDFORD LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Patchogue-Medford Library
54-60 East Main Street
Patchogue, New York 11772

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Patchogue-Medford Library as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Patchogue-Medford Library, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of changes in the Library's total OPEB liability and related ratios on pages 5 through 9 and 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Stewart Manor, New York
November 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of three parts- *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first four columns of these financial statements include information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Assets:			
Current assets	\$ 9,930	\$ 9,653	\$ 277
Capital assets	5,365	4,883	482
Total Assets	15,295	14,536	759
Deferred Outflows of Resources	4,774	4,463	311
Liabilities:			
Long-term debt	13,283	16,397	(3,114)
Other liabilities	568	525	43
Total Liabilities	13,851	16,922	(3,071)
Deferred Inflows of Resources	5,258	1,740	3,518
Net Position:			
Net investment in capital assets	5,365	4,883	482
Restricted for specific use	1,600	1,600	0
Unrestricted	(6,005)	(6,146)	141
Total Net Position	\$ 960	\$ 337	\$ 623
Revenue:			
District taxes	\$ 8,799	\$ 8,801	\$ (2)
State aid and grants	415	2,061	(1,646)
Other revenue	57	91	(34)
Total Revenue	9,272	10,953	(1,682)
Expenses - Library Services	8,649	10,070	(1,421)
Change in net position	623	883	(261)
Net position - beginning of year	337	(546)	883
Net Position - End of Year	\$ 960	\$ 337	\$ 622

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position increased by \$622,825 this year. The most significant reason for this increase was the lower than anticipated expenditures in the General Fund.
- The Library's primary source of revenue is from property taxes, which represents 95 percent of total revenue. In the prior year, property taxes represented 80 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 77 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 78 percent of the Library's total expense.

The Library Funds:

Our analyses of the Library's funds are included in the first four columns of pages 10 through 13 on the respective statements. The fund columns provide detailed information about the most significant funds – not the library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently the Library's funds consist of the General Fund, the Capital Projects Fund, and the Central Library Fund.

The fund balance of the General Fund increased during the year from \$4,687,953 to \$5,389,034. The fund balance of the Capital Fund decreased from \$4,439,516 to \$3,971,964. The fund balance in the Central Library Fund remained the same at \$0. Statements detailing the revenues and expenditures for both of these funds are included in this report.

Budgetary Highlights:

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

- In total, there was a \$59,443 favorable variance for Library revenues. This was primarily due to 1) receiving unanticipated Local Library Services Aid, grants and donations of over \$35,000; 2) more payments in lieu of taxes than anticipated, and 3) having eliminated patron late fees the Library budgeted minimally for fines and fees. However, the Library collected over \$18,000 for copier income, passports, reimbursements for lost materials, as well as other miscellaneous fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- Although there were favorable and unfavorable variances within specific salary budget lines, the budget section was underspent by \$252,240 or 5.2%. The Library attributes this to: 1) The resignation and retirement of staff during the pandemic, 2) the effects of staff transitioning in and out of employment with the Library, 3) paying for fewer part-time and clerical hours due to the reduced hours of operation, and 4) budgeting for more custodial hours during the pandemic, that were ultimately not worked because the Library was not able to coordinate custodial staff schedules.

The budget line for Security staff was overspent because additional guards were needed at the Library entrances during the pandemic.

- In total the employee benefits budget section was underspent by \$39,979. The New York State retirement budget line was underspent as a result of projecting an amount based on information provided by the New York State Retirement System approximately a year in advance of billing. The favorable budget variance for unemployment and workers compensation insurance was attributed to the processing of fewer claims than expected.
- The budget line for books, periodicals and other library materials was underspent by \$117,572. This was due to less demand for items in a print format and greater demand for materials in an electronic format.
- The budget line for library and office supplies was underspent by \$6445. Due to the Library's sustainability initiative, staff used less paper and supplies.
- The budget line for library programs was underspent by \$59,656. This was attributed to having to migrate away from on-site programs during the pandemic.
- The budget line for cooperative services was underspent by \$16,173 due to the fact that there was a decrease in cost for member library support.
- Telecommunication costs were less than expected due to favorable discounts received from the Federal E-Rate program.
- The budget line for printing and public relations was underspent by \$13,323. This was partially due to a migration to digital notifications, and partially due to the decrease in programming, which led to less being spent on printing and advertising.
- The budget line for staff development was underspent because fewer in-person workshops and conferences were being offered during the pandemic.
- The budget line for computer services was overspent due to the purchase of additional software programs and entrance door sensors for the Library.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for professional fees – legal was underspent because fewer services were required than in previous years.
- The budget line for consulting services was underspent by \$5,956 because fewer services were required than in previous years.
- The budget line for utilities – electric was underspent because the Library was approved for the Commercial Efficiency Program which has lowered the Library's rates and provides rebates.
- The budget line for insurance was underspent because premiums did not increase as had been expected.
- The outside custodial services/sanitation budget line was overspent because more outside cleaning services were required than anticipated.
- In total, the capital outlay budget section was underspent by \$25,626. The Library anticipated that it would be purchasing more equipment and furniture. However, due to the pandemic, items that had been ordered were delayed indefinitely.

Capital Assets and Debt Administration:

During the fiscal year ending June 30, 2021, the Library purchased \$757,412 of fixed assets (capital outlay). Purchases were primarily for building improvements such as the roof replacement project and professional fees related to the Medford Branch. The remaining purchases were for a variety of items such as computer equipment, appliances, furniture, etc. During the fiscal year, Library discarded \$850 of obsolete equipment.

The only long-term debt that the Library has is to its employees for compensated absences, its net pension liability and its obligation for other post-employment benefits. The liability for compensated absences at June 30, 2021 was \$687,713. This represents a decrease of \$91,141 from the previous year. The net pension liability at June 30, 2021 was \$13,591. This represents a decrease of \$3,404,635 from the previous year. The obligation for other post-employment benefits at June 30, 2021 was \$12,581,456. This represents an increase of \$381,117 from the previous year.

Currently Known Conditions:

The anticipated tax revenues for the 2021-2022 fiscal year are \$8,887,002. This represents a 1% tax increase as compared to the 2020-2021 fiscal year budget.

PATCHOGUE-MEDFORD LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 14)	Statement of Net Position
Assets:						
Cash and cash equivalents:						
Checking	\$ 145,982	\$ 3,927,427	\$ 225,410	\$ 4,298,819	\$	\$ 4,298,819
Money market	4,439,353			4,439,353		4,439,353
Petty cash	696			696		696
Total cash and cash equivalents	<u>4,586,031</u>	<u>3,927,427</u>	<u>225,410</u>	<u>8,738,868</u>	<u>0</u>	<u>8,738,868</u>
Interest receivable	913			913		913
Grants receivable		53,610		53,610		53,610
Internal receivables	58,875			58,875	(58,875)	
Payment in lieu of taxes receivable	7,312			7,312		7,312
Prepaid insurance	20,944			20,944		20,944
Other prepaid expenses	61,133			61,133		61,133
Investments - certificates of deposit	1,046,665			1,046,665		1,046,665
Capital assets, net of depreciation					5,365,470	5,365,470
Total Assets	<u>5,781,873</u>	<u>3,981,037</u>	<u>225,410</u>	<u>9,988,320</u>	<u>5,306,595</u>	<u>15,294,915</u>
Deferred Outflows of Resources:						
Deferred outflows on pension					2,921,723	2,921,723
Deferred outflows on OPEB					1,852,052	1,852,052
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,773,775</u>	<u>4,773,775</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,781,873</u>	<u>\$ 3,981,037</u>	<u>\$ 225,410</u>	<u>\$ 9,988,320</u>	<u>\$ 10,080,370</u>	<u>\$ 20,068,690</u>

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

PATCHOGUE-MEDFORD LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 14)	Statement of Net Position
Liabilities:						
Accounts payable	\$ 96,815	\$ 500	\$ 3,460	\$ 100,775	\$	\$ 100,775
Accrued payroll and related items	142,643			142,643		142,643
Accrued NYS retirement	153,381			153,381		153,381
Grants received in advance			171,648	171,648		171,648
Internal payables		8,573	50,302	58,875	(58,875)	
Non-current liabilities:						
Compensated absences					687,713	687,713
Net pension liability					13,591	13,591
Obligation for other post-employment benefits					12,581,456	12,581,456
Total Liabilities	<u>392,839</u>	<u>9,073</u>	<u>225,410</u>	<u>627,322</u>	<u>13,223,885</u>	<u>13,851,207</u>
Deferred Inflows of Resources:						
Deferred inflows on pension					3,966,582	3,966,582
Deferred inflows on OPEB					1,291,305	1,291,305
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,257,887</u>	<u>\$ 5,257,887</u>

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

PATCHOGUE-MEDFORD LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 14)	Statement of Net Position
Fund Balances/Net Position:						
Nonspendable - prepaid amounts	\$ 82,077	\$	\$	\$ 82,077	\$ (82,077)	\$
Restricted for Medford Library project		1,488,866		1,488,866	(1,488,866)	
Committed for specific purposes	1,550,338	2,440,955		3,991,293	(3,991,293)	
Assigned for capital projects		42,143		42,143	(42,143)	
Unassigned	3,756,619			3,756,619	(3,756,619)	
Total Fund Balances	<u>5,389,034</u>	<u>3,971,964</u>	<u>0</u>	<u>9,360,998</u>	<u>(9,360,998)</u>	
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 5,781,873</u>	<u>\$ 3,981,037</u>	<u>\$ 225,410</u>	<u>\$ 9,988,320</u>		
Net Position:						
Net investment in capital assets					5,365,470	5,365,470
Restricted for Medford Library project					1,600,000	1,600,000
Unrestricted					(6,005,874)	(6,005,874)
Total Net Position					<u>\$ 959,596</u>	<u>\$ 959,596</u>

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

PATCHOGUE-MEDFORD LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Central Library Fund</u>	<u>Total of Funds</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Activities</u>
Revenues:						
Tax revenues	\$ 8,799,012	\$	\$	\$ 8,799,012	\$	\$ 8,799,012
Payments in lieu of taxes	17,727			17,727		17,727
Fines and fees	18,506			18,506		18,506
Interest income	12,312	1,260	47	13,619		13,619
Central Library Aid			119,254	119,254		119,254
Central Book Aid			40,560	40,560		40,560
Local Library Services Aid	15,121			15,121		15,121
Other grants and aid	12,965	226,858		239,823		239,823
Gifts and donations	7,405	368		7,773		7,773
Miscellaneous revenue	407			407		407
Total Revenues	<u>8,883,455</u>	<u>228,486</u>	<u>159,861</u>	<u>9,271,802</u>	<u>0</u>	<u>9,271,802</u>
Expenditures/Expenses for Library Services:						
Salaries	4,635,615		60,364	4,695,979	(84,664)	4,611,315
Employee benefits	1,912,739			1,912,739	177,454	2,090,193
Library materials and programs	913,664		99,497	1,013,161		1,013,161
Library operations	306,920			306,920		306,920
Building operations	352,062			352,062		352,062
Capital outlay	61,374	696,038		757,412	(757,412)	
Depreciation					275,326	275,326
Total Expenditures/Expenses	<u>8,182,374</u>	<u>696,038</u>	<u>159,861</u>	<u>9,038,273</u>	<u>(389,296)</u>	<u>8,648,977</u>
Excess (Deficiency) Of Revenues Over Expenditures	701,081	(467,552)	0	233,529	389,296	
Other Financing Sources/Uses:						
Transfers- internal activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	701,081	(467,552)	0	233,529	<u>(233,529)</u>	
Change In Net Position					622,825	622,825
Fund balance/net position- beginning of the year	<u>4,687,953</u>	<u>4,439,516</u>	<u>0</u>	<u>9,127,469</u>	<u>(8,790,698)</u>	<u>336,771</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 5,389,034</u>	<u>\$ 3,971,964</u>	<u>\$ 0</u>	<u>\$ 9,360,998</u>	<u>\$ (8,401,402)</u>	<u>\$ 959,596</u>

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

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Patchogue-Medford Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- A management's Discussion and Analysis section providing an analysis of the Library's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library's activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

- A. **Reporting Entity:** The Patchogue-Medford Library operates on a budget that is primarily funded by the taxpayers of the Patchogue-Medford School District. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management's control and disbursement of funds and maintenance of assets. The Library's management is solely responsible for day-to-day operations.
- B. **Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund governmental activity has been eliminated from the government-wide financial statements.

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position are reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board and the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due.

The Library reports on the following funds:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

Capital Projects Fund: This fund is used to account for resources devoted to major capital improvements of the Library.

Central Library Fund: This fund accounts for the collection and disbursement of New York State funds for the purpose of maintaining a central library site within the Patchogue-Medford Library.

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

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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

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

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

- E. Order of Use of Restricted/Unrestricted Net Position and Fund Balance:** When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first. Expenditures incurred from unrestricted resources are applied to committed fund balance as determined by the Board, then to assigned fund balance, and then to the unassigned fund balance.

- F. Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

- G. Investments:** The Library's investment policies are governed by State statutes and its own written investment policy. Permissible investments for the Library include special time deposit accounts, certificates of deposit as well as obligations of the United States of America and New York State.

NOTE 2: **Cash and Cash Equivalents**

The Library has defined cash and cash equivalents to include demand deposits, and short-term investments with a maturity of three months or less.

NOTE 3: **Investments**

Generally, fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the twelve months ended June 30, 2021. The Library recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the twelve months ended June 30, 2021. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2021 were determined based on:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Market Value
Investment in Certificates of Deposit:			
People's United Bank - maturing 1/22/22, yield 0.20%	\$ 0	\$ 1,046,665	\$ 1,046,665
Total Investment in Certificates of Deposit	\$ 0	\$ 1,046,665	\$ 1,046,665

NOTE 4: **Concentration of Credit Risk**

The Library maintains its cash balances at several banks. At year end, the Library's carrying amount of deposits was \$9,784,837 (excludes petty cash) and the bank balance was \$9,818,946. Of the bank balance, \$1,000,000 was covered by federal depository insurance. The remaining balance of \$8,818,946 was covered by collateral held by the Library's agent.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: Grants Receivable and Grant Revenue Received in Advance

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

NOTE 6: Capital Assets

Capital assets are defined by the Library as assets with an initial cost of \$500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Library books and materials are not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5 years
Furniture	7 years
Building and building improvements	40 years

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

	Balance as of 7/1/2020	Additions	Adjustments & Deletions	Balance as of 6/30/2021
Assets not being depreciated:				
Costruction in progress	\$ 136,990	\$ 113,594	\$ (132,296)	\$ 118,288
Assets being depreciated:				
Building improvements	5,384,160	572,625	132,296	6,089,081
Furniture and equipment	3,837,152	71,193	(850)	3,907,495
Total	9,358,302	757,412	(850)	10,114,864
Accumulated depreciation	(4,474,918)	(275,326)	850	(4,749,394)
Net Book Value	\$ 4,883,384	\$ 482,086	\$ 0	\$ 5,365,470

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2021.

NOTE 8: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2021:

	Balance			Balance	<u>Non-current liabilities</u>	
	<u>7/1/2020</u>	<u>Increases</u>	<u>Reductions</u>	<u>6/30/2021</u>	<u>Due within</u>	<u>Due after</u>
					<u>one year</u>	<u>one year</u>
Compensated absences \$	778,854	\$ 0	\$ 91,141	\$ 687,713	\$ 0	\$ 687,713
Net pension liability	3,418,226	0	3,404,635	13,591	0	13,591
Other post-employment benefits payable	<u>12,200,339</u>	<u>381,117</u>	<u>0</u>	<u>12,581,456</u>	<u>0</u>	<u>12,581,456</u>
	<u>\$ 16,397,419</u>	<u>\$ 381,117</u>	<u>\$ 3,495,776</u>	<u>\$ 13,282,760</u>	<u>\$ 0</u>	<u>\$ 13,282,760</u>

NOTE 9: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2021 for unused sick and vacation pay amounting to \$687,713. This is a decrease of \$91,141 from the June 30, 2020 balance of \$778,854. No portion of this liability is expected to be paid within one year.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: Funds Committed for Specific Purposes

A summary of changes in designated funds for the year ending June 30, 2021 is as follows:

Funds Committed For:	Balance as of 7/1/2020	Funds Committed (Uncommitted)	Funds Expended	Balance as of 6/30/2021
General Fund:				
Retirement	\$ 217,962	\$ 0	\$ 0	\$ 217,962
Accrued benefits	345,382	0	(13,006)	332,376
Post-employment health benefits	1,000,000	0	0	1,000,000
Capital Projects Fund:				
Technology upgrade - continuing	29,958	0	0	29,958
Meeting room renovation	82,000	0	0	82,000
Main floor renovation	305,000	0	0	305,000
Department improvement and maintenance	580,571	0	(5,818)	574,753
Roof project	620,171	0	(343,449)	276,722
Carnegie improvements	92,556	0	(11,304)	81,252
HVAC - boiler replacement	97,796	0	(1,832)	95,964
Medford Library project	995,306	0	0	995,306
Total	<u>\$ 4,366,702</u>	<u>\$ 0</u>	<u>\$ (375,409)</u>	<u>\$ 3,991,293</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11: **Retirement Plan**

- A. **Plan Description:** The Patchogue-Medford Library participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Library also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.
- B. **Benefits Provided:** The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: Retirement Plan (Continued)

B. Benefits Provided: (Continued)

Tiers 1 and 2 (Continued)

Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: Retirement Plan (Continued)

B. Benefits Provided: (Continued)

Tier 6 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: Retirement Plan (Continued)

B. Benefits Provided: (Continued)

Post-Retirement Benefit Increases (Continued)

An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

- C. Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$554,152, for the 2020 fiscal year it was \$545,129, and for the 2019 fiscal year it was \$528,788.

- D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2021, the Patchogue-Medford Library reported a liability of \$13,591 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Patchogue-Medford Library's proportion of the net pension liability was based on a projection of the Patchogue-Medford Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the Patchogue-Medford Library's proportion was 0.0136488 percent, which was an increase of .0007404 percent from its proportion measured at June 30, 2020.

For the year ended June 30, 2021, the Patchogue-Medford Library recognized pension expense of \$353,333.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11: Retirement Plan (Continued)

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

At June 30, 2021, the Patchogue-Medford Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 165,979	\$ 0
Changes in assumptions	2,498,883	47,130
Net difference between projected and actual earnings on pension plan investments	0	3,904,036
Changes in proportion and differences between employer contributions and proportionate share of contributions	103,480	15,416
Library's contributions subsequent to the measurement date	<u>153,381</u>	<u>0</u>
Total	<u>\$ 2,921,723</u>	<u>\$ 3,966,582</u>

\$153,381 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2022	\$ (206,264)
2023	(62,809)
2024	(192,350)
2025	(736,817)
2026	<u>0</u>
Total	<u>\$ (1,198,240)</u>

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: Retirement Plan (Continued)

- E. Actuarial Assumptions:** The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation (prepared for the NYS Retirement System as a whole) used the following actuarial assumptions:

Inflation	2.70%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost-of-living adjustments	1.40%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1, 2010 – March 31, 2015 System experience, mortality improvements based on the Society of Actuaries' Scale MP-2018, inflation of 2.5%, cost-of-living adjustments of 1.3%, salary increases of 4.5%, and investment rate of return of 6.8%.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate – The discount rate used to measure the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11: **Retirement Plan (Continued)**

E. Actuarial Assumptions: (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – The following presents the current-period net pension liability of the Library, calculated using the current-period discount rate assumption of 5.9 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.9 percent) or 1 percentage-point higher (6.9 percent) than the current assumption:

	<u>1%</u> <u>Decrease</u> <u>(4.9%)</u>	<u>Current</u> <u>Assumption</u> <u>(5.9%)</u>	<u>1%</u> <u>Increase</u> <u>(6.9%)</u>
Library's proportionate share of the net pension liability	\$ 3,772,240	\$ 13,591	\$ (3,452,763)

Pension plan fiduciary net position – The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2021, in thousands of dollars was as follows:

	<u>Total</u>
Employers' total pension liability	\$ 220,680,157
Plan net position	<u>(220,580,583)</u>
Employers' net pension liability	<u>\$ 99,574</u>
Ratio of plan net position to the Employers' total pension liability	99.95%

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12: Post-employment Benefits Other Than Pensions

- A. Plan Description:** The New York State Department of Civil Service (DCS) administers the New York Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, and participating public authorities and local governmental units, such as the Patchogue-Medford Library. NYSHIP offers comprehensive hospital, medical and prescription drug benefits. As administrator of NYSHIP, the DCS performs all administrative tasks and has the authority to establish and amend the benefit provisions offered. Annual benefit premiums charged to and paid by participating local governmental entities are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are then remitted to the health insurance carriers that comprise NYSHIP.

NYSHIP is considered an agent multiple-employer defined benefit plan, it is not a separate entity or trust, and does not issue stand-alone financial statements. The Library, as a participant in the plan, recognizes these postemployment benefits on an accrual basis.

- B. Benefits Provided:** Contribution requirements are determined by the Library Board. Currently, the Library will pay 100% of the amount for an individual policy premium and 50% for a family policy (after subtracting the individual fee from the family fee).

For the year ending June 30, 2021, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$306,478 as an expenditure in the General Fund. Patchogue-Medford Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$108,549. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of July 1, 2019, the following employees were covered by the benefit terms:

Active employees	34
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	44
Total	<u>78</u>

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$12,581,456 was updated through June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs:

Inflation	2.00%
Participant Salary Increases	3.50%
Discount Rate	2.16%
2019 Medical Trend Rates (Pre-65/Post-65)	7.50% / 5.00%
2020 Medical Trend Rates (Pre-65/Post-65)	7.00% / 5.00%
Ultimate Medical Trend Rate (Pre-65/Post-65)	4.50% / 5.00%
Year Ultimate Trend Year Reached	2025/2019

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2021.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted fully generational mortality table with projection scale MP-2019.

E. Changes in The Total OPEB Liability:

Balance at June 30, 2020	\$ <u>12,200,339</u>
Changes for the year:	
Service cost	405,227
Interest	274,225
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	98,168
Benefit payments	<u>(396,503)</u>
Net changes	<u>381,117</u>
Balance at June 30, 2021	\$ <u><u>12,581,456</u></u>

Note: For the purpose of calculating this liability, there have been no plan changes. The assumption changes were the updating of the pre-65 healthcare cost trend rates and the mortality improvement scale. The discount rate was 2.21% at June 30, 2020 and was 2.16% at June 30, 2021.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

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

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 14,789,302	\$ 12,581,456	\$ 10,806,649

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rate:

	1% Decrease (6.00% Decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% Decreasing to 4.50%)	1% Increase (8.00% Decreasing to 5.50%)
Total OPEB Liability	\$ 10,314,953	\$ 12,581,456	\$ 15,631,169

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

- F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB:** For the year ending June 30, 2021, the Library recognized OPEB expense of \$797,829. At June 30, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 1,151,530
Changes in assumptions	<u>1,852,052</u>	<u>139,775</u>
Total	<u>\$ 1,852,052</u>	<u>\$ 1,291,305</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in other post-employment benefits as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2022	\$ 118,377
2023	134,772
2024	190,458
2025	96,417
2026	16,947
Thereafter	<u>3,776</u>
Total	<u>\$ 560,747</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13: Commitments and Contingencies

The Library leases several pieces of office equipment that range in cost from \$131 to \$326 per month. For the fiscal year ending June 30, 2021 the Library made lease total payments of \$5,172. The future minimum lease commitment is detailed as follows:

<u>Year Ending June 30,</u>	<u>Lease Commitment</u>
2022	\$ 2,819
2023	1,620
2024	1,620
2025	1,620
2026	1,620
2027	<u>270</u>
Total	<u>\$ 9,569</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

Total Fund Balance - Modified Accrual Basis \$ 9,360,998

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

- Capital assets are not financial resources for fund accounting 5,365,470
- Deferred outflows on pension is not reported in the funds 2,921,723
- Deferred outflows on OPEB is not reported in the funds 1,852,052
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (12,581,456)
- Net pension liability is not included in the funds (13,591)
- Deferred inflows on pension is not reported in the funds (3,966,582)
- Deferred inflows on OPEB is not reported in the funds (1,291,305)
- Compensated absences, not anticipated to be paid within the next twelve months, are included as a liability (687,713)

Total Net Position - Full Accrual Basis \$ 959,596

Net Change in Fund Balance - Modified Accrual Basis \$ 233,529

Amounts reported in the statement of activities are different because:

- Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:
 - Capital outlay 757,412
 - Depreciation expense (275,326)
- (Increase)/decrease in the items reported as an expenditure in the statements of activities, not in the fund statements:
 - Compensated absences 91,141
 - Net pension expenses 217,395
 - Post-employment health costs (401,326)

Change in Net Position - Full Accrual Basis \$ 622,825

PATCHOGUE-MEDFORD LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Revenues:				
Patchogue-Medford Union Free School District	\$ 8,799,012	\$ 8,799,012	\$ 8,799,012	\$ 0
Operating Revenue:				
Fines and fees	1,000	1,000	18,506	17,506
Interest income	15,000	15,000	12,312	(2,688)
Payments in lieu of taxes	9,000	9,000	17,727	8,727
Local Library Services Aid	0	0	15,121	15,121
Other grants and aid	0	0	12,965	12,965
Gifts and donations	0	0	7,405	7,405
Miscellaneous revenue	0	0	407	407
Total Operating Revenue	<u>25,000</u>	<u>25,000</u>	<u>84,443</u>	<u>59,443</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	0	0	0	0
Total Revenues	<u>\$ 8,824,012</u>	<u>\$ 8,824,012</u>	<u>\$ 8,883,455</u>	<u>\$ 59,443</u>
Expenditures:				
Salaries:				
Professional	\$ 2,419,665	\$ 2,419,665	\$ 2,497,628	\$ (77,963)
Clerical	1,531,832	1,531,832	1,290,699	241,133
Page	468,910	468,910	371,813	97,097
Custodial	222,933	222,933	190,715	32,218
Security	244,515	244,515	284,760	(40,245)
Total Salaries	<u>\$ 4,887,855</u>	<u>\$ 4,887,855</u>	<u>\$ 4,635,615</u>	<u>\$ 252,240</u>

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

PATCHOGUE-MEDFORD LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Employee Benefits:				
Social Security	\$ 370,000	\$ 370,000	\$ 352,649	\$ 17,351
Health insurance	905,000	905,000	931,599	(26,599)
N.Y.S. retirement	602,000	602,000	570,726	31,274
Workers' compensation	58,218	58,218	48,082	10,136
Unemployment insurance	10,000	10,000	5,288	4,712
Disability insurance	7,500	7,500	4,395	3,105
Total Employee Benefits	<u>1,952,718</u>	<u>1,952,718</u>	<u>1,912,739</u>	<u>39,979</u>
Library Materials and Programs:				
Books, periodicals and other library materials	700,639	700,639	583,067	117,572
Library and office supplies	47,000	47,000	40,555	6,445
Programs	263,500	263,500	203,844	59,656
Cooperative services	101,600	101,600	86,198	15,402
Total Library Materials and Programs	<u>1,112,739</u>	<u>1,112,739</u>	<u>913,664</u>	<u>199,075</u>
Library Operations:				
Telecommunications	55,000	55,000	42,664	12,336
Postage	15,000	15,000	16,099	(1,099)
Printing and public relations	42,000	42,000	28,677	13,323
Staff development	30,000	30,000	17,423	12,577
Mileage reimbursement	2,500	2,500	534	1,966
Computer services	80,700	80,700	89,111	(8,411)
Professional fees - legal	20,000	20,000	10,060	9,940
Professional fees - payroll	27,000	27,000	24,857	2,143
Professional fees - auditing and accounting	20,000	20,000	20,614	(614)
Professional fees - Treasurer	5,000	5,000	4,980	20
Consulting services	10,000	10,000	4,044	5,956
Maintenance and repair - library equipment	25,000	25,000	22,632	2,368
Minor furniture and equipment	10,000	10,000	13,370	(3,370)
Minor computer equipment and peripherals	10,000	10,000	11,568	(1,568)
Miscellaneous	500	500	287	213
Total Library Operations	<u>\$ 352,700</u>	<u>\$ 352,700</u>	<u>\$ 306,920</u>	<u>\$ 45,780</u>

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

PATCHOGUE-MEDFORD LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Building Operations:				
Utilities - electric	\$ 100,000	\$ 100,000	\$ 72,024	\$ 27,976
Utilities - water	3,000	3,000	2,780	220
Utilities - fuel	23,000	23,000	15,945	7,055
Insurance	99,000	99,000	55,298	43,702
Maintenance and repair - building equipment	100,000	100,000	96,817	3,183
Sewer assessment	25,000	25,000	23,667	1,333
Custodial supplies	20,000	20,000	31,954	(11,954)
Outside custodial services/sanitation	61,000	61,000	53,577	7,423
Total Building Operations	<u>431,000</u>	<u>431,000</u>	<u>352,062</u>	<u>78,938</u>
Capital Outlay:				
Furniture and equipment	42,000	42,000	34,625	7,375
Computer equipment	45,000	45,000	26,749	18,251
Total Capital Outlay	<u>87,000</u>	<u>87,000</u>	<u>61,374</u>	<u>25,626</u>
Total Expenditures	<u>8,824,012</u>	<u>8,824,012</u>	<u>8,182,374</u>	<u>641,638</u>
Excess of Revenues Over Expenditures	0	0	701,081	701,081
Other Financing Sources (Uses):				
Transfer to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Expenditures And Other Financing Uses Over Revenues	0	0	701,081	701,081
Budgetary fund balance - beginning of year	<u>4,687,953</u>	<u>4,687,953</u>	<u>4,687,953</u>	<u>4,687,953</u>
Budgetary Fund Balance - End Of Year	<u><u>\$ 4,687,953</u></u>	<u><u>\$ 4,687,953</u></u>	<u><u>\$ 5,389,034</u></u>	<u><u>\$ 5,389,034</u></u>

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

PATCHOGUE-MEDFORD LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2021 FISCAL YEAR**

	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.01365%	0.01291%	0.01309%	0.01345%	0.01298%	0.01331%	0.01287%
Library's proportionate share of the net pension liability (asset)	\$ 13,591	\$ 3,418,226	\$ 927,279	\$ 434,227	\$ 1,219,204	\$ 2,135,614	\$ 434,650
Library's covered-employee payroll	\$ 3,825,164	\$ 3,698,220	\$ 3,552,406	\$ 3,507,422	\$ 3,759,632	\$ 3,650,728	\$ 3,641,781
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.3553%	92.4290%	26.1028%	12.3802%	32.4288%	58.4983%	11.9351%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

** The amounts presented for the fiscal year were determined as of the March 31st that occurred within the fiscal year.

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

PATCHOGUE-MEDFORD LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2021 FISCAL YEAR

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 554,152	\$ 545,129	\$ 528,788	\$ 528,916	\$ 579,837	\$ 665,691	\$ 697,933
Contributions in relation to the contractually required contribution	554,152	545,129	528,788	528,916	579,837	665,691	697,933
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 3,825,164	\$ 3,698,220	\$ 3,552,406	\$ 3,507,422	\$ 3,759,632	\$ 3,650,728	\$ 3,641,781
Contributions as a percentage of covered-employee payroll	14.49%	14.74%	14.89%	15.08%	15.42%	18.23%	19.16%

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

PATCHOGUE-MEDFORD LIBRARY
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 405,227	\$ 289,387	\$ 301,506	\$ 317,090
Interest	274,225	352,307	411,274	385,081
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	0	(1,725,146)	0	0
Changes in assumptions or other inputs	98,168	2,210,471	594,266	(452,115)
Benefit payments	<u>(396,503)</u>	<u>(372,517)</u>	<u>(370,350)</u>	<u>(357,414)</u>
Net Change in total OPEB liability	381,117	754,502	936,696	(107,358)
Total OPEB liability- beginning	<u>12,200,339</u>	<u>11,445,837</u>	<u>10,509,141</u>	<u>10,616,499</u>
Total OPEB liability- ending	<u>\$ 12,581,456</u>	<u>\$ 12,200,339</u>	<u>\$ 11,445,837</u>	<u>\$ 10,509,141</u>
Covered-employee payroll	\$ 2,367,229	\$ 2,309,492	\$ 2,272,602	\$ 2,217,173
Total OPEB liability as a % of covered-employee payroll	531.48%	528.27%	503.64%	473.99%
Notes to schedule:				
Assumption changes:				
Discount rate	2.16%	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	7.0% down to 4.5%	7.5% down to 4.5%	8.5% down to 5.0%	9.0% down to 5.0%
Plan changes:	None	None	None	None

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