

**PATCHOGUE-MEDFORD LIBRARY**

**FINANCIAL REPORT  
WITH  
ADDITIONAL INFORMATION**

**JUNE 30, 2022**

# **PATCHOGUE-MEDFORD LIBRARY**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinions**

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Patchogue-Medford Library (the "Library") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Patchogue-Medford Library, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Patchogue-Medford Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

## **INDEPENDENT AUDITOR'S REPORT**

**(Continued)**

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

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

Certified Public Accountants  
Stewart Manor, New York  
November 1, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using This Annual Report

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**Condensed Financial Information:**

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

	June 30, 2022	June 30, 2021	Increase (Decrease)
Assets:			
Current assets	\$ 9,708	\$ 9,930	\$ (222)
Net pension asset	1,322	0	1,322
Right to use assets	6	8	(2)
Capital assets	6,552	5,365	1,187
Total Assets	17,588	15,303	2,285
Deferred Outflows of Resources	7,509	4,774	2,735
Liabilities:			
Long-term debt	13,707	13,291	416
Other liabilities	723	568	155
Total Liabilities	14,430	13,859	571
Deferred Inflows of Resources	8,989	5,258	3,731
Net Position:			
Net investment in capital assets	6,552	5,365	1,187
Restricted for specific use	402	1,600	(1,198)
Unrestricted	(5,276)	(6,005)	729
Total Net Position	\$ 1,678	\$ 960	\$ 718
Revenue:			
District taxes	\$ 8,888	\$ 8,799	\$ 89
State Aid and grants	621	415	206
Other revenue	285	58	227
Total Revenue	9,794	9,272	522
Expenses - Library Services	9,076	8,649	427
Change in net position	718	623	95
Net position - beginning of year	960	337	623
Net Position - End of Year	\$ 1,678	\$ 960	\$ 718

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Continued)**

### **The Library As A Whole**

- The Library's net position increased by \$718,026 this year. The primary reason for this increase is detailed within the Statement of Activities on page thirteen.
- The Library's primary source of revenue is from property taxes, which represents 91 percent of total revenue. In the prior year, property taxes represented 95 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 73 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 77 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 \$5,389,034 to \$5,466,531. The fund balance of the Capital Fund decreased from \$3,971,964 to \$3,517,107. 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 \$70,671 favorable variance for Library revenues. This was primarily due to 1) receiving unanticipated Local Library Services Aid, grants and donations of over \$26,000; 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 \$22,000 for copier income, passports, reimbursements for lost materials.

**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 \$493,978 or 9.9%. The Library attributes this to unanticipated resignations and retirements combined with difficulty finding qualified candidates. The Page line was underspent by \$175,488, due to the shifting of responsibilities between Pages and Clerks as the needs changed, and difficulty finding Pages to hire. The Custodial salary line was underspent by \$36,405 as the Library had anticipated the need for additional hours for evening community events. Ultimately, the Library was able to coordinate schedules with the Custodial staff for ample coverage.
- In total the employee benefits budget section was underspent by \$86,111. This was primarily a function of the lower salary expense as mentioned above. The favorable budget variance for unemployment was attributed to the processing of fewer claims than expected.
- The budget line for library programs was overspent by \$29,569. This was due to the Library increasing in-person programming after the pandemic.
- The budget line for cooperative services was underspent by \$13,783 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 overspent by \$10,266. This was due to the increase in programming after the pandemic, which led to more being spent on printing and advertising.
- The budget line for professional fees – legal was underspent because fewer services related to the Medford Branch building project were required than had been expected.
- The budget line for minor computer equipment and peripherals was underspent by \$5,673. This was due to less failed equipment and a decrease in purchases that were required.
- The budget line for utilities – electric was underspent because the Library continues to benefit from energy efficient initiatives for the Commercial Efficiency Program.
- The budget line for fuel was underspent by \$6,238. The Library attributes this to warmer temperatures and maintaining its earlier Friday closure.
- The budget line for insurance was underspent because premiums did not increase as had been expected.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(Continued)**

#### **Budgetary Highlights: (Continued)**

- The budget line for maintenance and repair – building equipment was overspent because the Library made electrical improvements and was required to replace a failed burglar alarm system.
- The outside custodial services/sanitation budget line was underspent because it anticipated the need for carpet and floor cleaning services.
- The budget line for furniture and equipment was overspent because the Library incurred more cost for items previously delayed during the pandemic.
- The budget line for computer equipment was underspent because fewer items were needed than had been anticipated.

#### **Capital Assets and Debt Administration:**

During the fiscal year ending June 30, 2022, the Library purchased \$1,472,672 of fixed assets (capital outlay). Purchases were primarily for building improvements related to the Medford Branch. The remaining purchases were for a variety of items such as furniture, fixtures, computer equipment, and other equipment.

The only long-term debt that the Library has is for compensated absences, its lease liability and its obligation for other post-employment benefits. The net pension liability reported in the prior year of \$13,591, reversed and became a net pension asset of \$1,322,033 at June 30, 2022. The liability for compensated absences at June 30, 2022 was \$673,854. This represents a decrease of \$13,859 from the previous year. The obligation for other post-employment benefits at June 30, 2022 was \$13,026,440. This represents an increase of \$444,984 from the previous year. The Library also made principal payments of \$1,555 on its lease liability reducing the debt at June 30, 2022 to \$6,494.

#### **Currently Known Conditions:**

The anticipated tax revenues for the 2022-2023 fiscal year are \$9,071,388. This represents a 2.07% tax increase as compared to the 2021-2022 fiscal year budget.

**PATCHOGUE-MEDFORD LIBRARY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2022**

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 16)	Statement of Net Position
<b>Assets:</b>						
Cash and cash equivalents:						
Checking	\$ 449,759	\$ 3,719,866	\$ 62,531	\$ 4,232,156	\$	\$ 4,232,156
Money market	4,228,761			4,228,761		4,228,761
Petty cash	696			696		696
<b>Total cash and cash equivalents</b>	<u>4,679,216</u>	<u>3,719,866</u>	<u>62,531</u>	<u>8,461,613</u>	<u>0</u>	<u>8,461,613</u>
Interest receivable	1,372			1,372		1,372
Grants receivable		27,550		27,550		27,550
Internal receivables	65,794			65,794	(65,794)	
Payment in lieu of taxes receivable	8,007			8,007		8,007
Prepaid expenses	99,064	5,668	55,000	159,732		159,732
Investments - certificates of deposit	1,048,788			1,048,788		1,048,788
Net pension asset					1,322,033	1,322,033
Right to use assets, net of amortization					6,494	6,494
Capital assets, net of depreciation					6,552,488	6,552,488
<b>Total Assets</b>	<u>5,902,241</u>	<u>3,753,084</u>	<u>117,531</u>	<u>9,772,856</u>	<u>7,815,221</u>	<u>17,588,077</u>
<b>Deferred Outflows of Resources:</b>						
Deferred outflows on pension					2,682,754	2,682,754
Deferred outflows on OPEB					4,826,199	4,826,199
<b>Total Deferred Outflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,508,953</u>	<u>7,508,953</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 5,902,241</u>	<u>\$ 3,753,084</u>	<u>\$ 117,531</u>	<u>\$ 9,772,856</u>	<u>\$ 15,324,174</u>	<u>\$ 25,097,030</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, 2022**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Central Library Fund</b>	<b>Total of Funds</b>	<b>Adjustments (Note 16)</b>	<b>Statement of Net Position</b>
<b>Liabilities:</b>						
Accounts payable	\$ 141,796	\$ 220,485	\$ 15,258	\$ 377,539	\$	\$ 377,539
Accrued payroll and related items	178,574			178,574		178,574
Accrued NYS retirement	114,301			114,301		114,301
Grants received in advance	1,039		51,971	53,010		53,010
Internal payables		15,492	50,302	65,794	(65,794)	
Non-current liabilities:						
Lease liability					6,494	6,494
Compensated absences					673,854	673,854
Obligation for other post-employment benefits					13,026,440	13,026,440
<b>Total Liabilities</b>	<u>435,710</u>	<u>235,977</u>	<u>117,531</u>	<u>789,218</u>	<u>13,640,994</u>	<u>14,430,212</u>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows on pension					4,604,441	4,604,441
Deferred inflows on OPEB					4,384,755	4,384,755
<b>Total Deferred Inflows of Resources</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 8,989,196</u>	<u>\$ 8,989,196</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, 2022**

<b>Fund Balances/Net Position:</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Central Library Fund</b>	<b>Total of Funds</b>	<b>Adjustments (Note 16)</b>	<b>Statement of Net Position</b>
Nonspendable - prepaid amounts	\$ 99,064	\$	\$	\$ 99,064	\$ (99,064)	\$
Restricted for Medford Library						
and Medford parking lot projects		401,481		401,481	(401,481)	
Committed for specific purposes	1,500,808	3,076,613		4,577,421	(4,577,421)	
Assigned for capital projects		39,013		39,013	(39,013)	
Assigned for 2022-2023 budget	115,766			115,766	(115,766)	
Unassigned	3,750,893			3,750,893	(3,750,893)	
<b>Total Fund Balances</b>	<u>5,466,531</u>	<u>3,517,107</u>	<u>0</u>	<u>8,983,638</u>	<u>(8,983,638)</u>	
<b>Total Liabilities, Deferred Inflows of Resources, And Fund Balances</b>	<u>\$ 5,902,241</u>	<u>\$ 3,753,084</u>	<u>\$ 117,531</u>	<u>\$ 9,772,856</u>		
<b>Net Position:</b>						
Net investment in capital assets					6,552,488	6,552,488
Restricted for Medford Library projects					401,481	401,481
Unrestricted					(5,276,347)	(5,276,347)
<b>Total Net Position</b>					<u>\$ 1,677,622</u>	<u>\$ 1,677,622</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, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Central Library Fund</u>	<u>Total of Funds</u>	<u>Adjustments (Note 16)</u>	<u>Statement of Activities</u>
<b>Revenues:</b>						
Tax revenues	\$ 8,887,610	\$	\$	\$ 8,887,610	\$	\$ 8,887,610
Payments in lieu of taxes	27,528			27,528		27,528
Fines and fees	27,185			27,185		27,185
Interest income	7,102	444	32	7,578		7,578
Central Library Aid			569,754	569,754		569,754
Local Library Services Aid	15,119			15,119		15,119
Other grants, gifts and donations	18,129	241,409		259,538		259,538
<b>Total Revenues</b>	<u>8,982,673</u>	<u>241,853</u>	<u>569,786</u>	<u>9,794,312</u>	<u>0</u>	<u>9,794,312</u>
<b>Expenditures/Expenses for Library Services:</b>						
Salaries	4,479,267		147,330	4,626,597	(12,874)	4,613,723
Employee benefits	1,921,607		17,624	1,939,231	104,506	2,043,737
Library materials and programs	1,039,828		398,082	1,437,910		1,437,910
Library operations	306,553			306,553		306,553
Building operations	385,419	1,670		387,089		387,089
Capital outlay	69,801	1,396,121	6,750	1,472,672	(1,472,672)	
Depreciation					285,654	285,654
Amortization					1,555	1,555
Debt Service:						
Principal - lease	1,555			1,555	(1,555)	
Interest - lease	65			65		65
<b>Total Expenditures/Expenses</b>	<u>8,204,095</u>	<u>1,397,791</u>	<u>569,786</u>	<u>10,171,672</u>	<u>(1,095,386)</u>	<u>9,076,286</u>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	778,578	(1,155,938)	0	(377,360)	1,095,386	
<b>Other Financing Sources/Uses:</b>						
Transfers- internal activities	(701,081)	701,081	0	0		
<b>Excess (Deficiency) Of Revenues And Transfers Over Expenditures</b>	77,497	(454,857)	0	(377,360)	377,360	
<b>Change In Net Position</b>					718,026	718,026
Fund balance/net position- beginning of the year	5,389,034	3,971,964	0	9,360,998	(8,401,402)	959,596
<b>Fund Balance/Net Position- End Of The Year</b>	<u>\$ 5,466,531</u>	<u>\$ 3,517,107</u>	<u>\$ 0</u>	<u>\$ 8,983,638</u>	<u>\$ (7,306,016)</u>	<u>\$ 1,677,622</u>

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

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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, 2022**

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

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

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

The Library reports on the following funds:

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

**Capital 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, 2022**

**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, 2022**

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

- G. Right to Use Assets:** The Library has recorded right to use lease assets as a result of implementing GASB No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.
- H. 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, 2022. 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, 2022. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2022 were determined based on:

	<b>Quoted Prices In Active Markets For Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Total Fair Market Value</b>
<b>Investment in Certificates of Deposit:</b>			
People's United Bank - maturing 1/22/24, yield 0.30%	\$ 0	\$ 1,048,788	\$ 1,048,788
<b>Total Investment in Certificates of Deposit</b>	<b>\$ 0</b>	<b>\$ 1,048,788</b>	<b>\$ 1,048,788</b>

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 \$9,509,705 (excludes petty cash) and the bank balance was \$9,980,966. Of the bank balance, \$1,000,000 was covered by federal depository insurance. The remaining balance of \$8,980,966 was covered by collateral held by the Library's agent.

**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: Right to Use Leased Assets**

The Library has recorded a right to use leased asset for a postage machine. This right to use asset is amortized over the term of its related lease and at the same rate as the lease payment schedule.

The following is a summary of the right to use asset activity for the year ended June 30, 2022:

	<b>Balance as of 7/1/2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance as of 6/30/2022</b>
Right to use assets:				
Leased postage machine	\$ 8,306	\$ 0	\$ 0	\$ 8,306
Less accumulated amortization for:				
Leased postage machine	(257)	(1,555)	0	(1,812)
Right to use assets, net	\$ 8,049	\$ (1,555)	\$ 0	\$ 6,494

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7:**      **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:

	<b>Balance as of 7/1/2021</b>	<b>Additions</b>	<b>Adjustments &amp; Deletions</b>	<b>Balance as of 6/30/2022</b>
<b>Assets not being depreciated:</b>				
Costruction in progress	\$ 118,288	\$ 1,297,635	\$ 0	\$ 1,415,923
<b>Assets being depreciated:</b>				
Building improvements	6,089,081	23,500	0	6,112,581
Furniture and equipment	<u>3,907,495</u>	<u>151,537</u>	<u>0</u>	<u>4,059,032</u>
Total	10,114,864	1,472,672	0	11,587,536
Accumulated depreciation	<u>(4,749,394)</u>	<u>(285,654)</u>	<u>0</u>	<u>(5,035,048)</u>
Net Book Value	<u>\$ 5,365,470</u>	<u>\$ 1,187,018</u>	<u>\$ 0</u>	<u>\$ 6,552,488</u>

**NOTE 8:**      **Accounts Payable**

Accounts payable consisted of unpaid invoices at June 30, 2022.

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9: Long Term Debt**

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

	<b>Balance</b>			<b>Balance</b>	<b><u>Non-current liabilities</u></b>	
	<b>7/1/2021</b>	<b>Increases</b>	<b>Reductions</b>	<b>6/30/2022</b>	<b>Due within</b>	<b>Due after</b>
					<b>one year</b>	<b>one year</b>
Compensated absences \$	687,713	\$ 0	\$ 13,859	\$ 673,854	\$ 0	\$ 673,854
Net pension liability	13,591	0	13,591	0	0	0
Lease liability	8,049	0	1,555	6,494	1,569	4,925
Other post-employment benefits payable	12,581,456	444,984	0	13,026,440	0	13,026,440
	<u>\$ 13,290,809</u>	<u>\$ 444,984</u>	<u>\$ 29,005</u>	<u>\$ 13,706,788</u>	<u>\$ 1,569</u>	<u>\$ 13,705,219</u>

**NOTE 10: Compensated Absences Payable**

The Library has an accumulated liability as of June 30, 2022 for unused sick and vacation pay amounting to \$673,854. This is a decrease of \$13,859 from the June 30, 2021 balance of \$687,713. No portion of this liability is expected to be paid within one year.

**NOTE 11: Change in Accounting Principle**

Effective July 1, 2021, the Library adopted GASB No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use asset, thereby enhancing the relevance and consistency of information about its leasing activities. The Library retroactively adjusted its opening balances to record the liability and the right to use asset. However, there was no effect on the balance of the Library's opening net position.

**NOTE 12: Lease Liability**

The Library entered into a postage machine lease agreement. The agreement qualifies as other than a short-term lease under GASB No. 87 and, therefore, has been recorded at the present value of the future minimum payments as of the date of inception.

The agreement was executed on April 26, 2021 and requires 63 monthly payments of \$135. The lease liability is measured at a discount rate of 0.89%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$6,494 at June 30, 2022.

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12: Lease Liability (Continued)**

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2022, are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 1,569	\$ 51	\$ 1,620
2024	1,583	37	1,620
2025	1,597	23	1,620
2026	1,611	9	1,620
2027	134	1	135
Total	<u>\$ 6,494</u>	<u>\$ 121</u>	<u>\$ 6,615</u>

**NOTE 13: Funds Committed for Specific Purposes**

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

<b>Funds Committed For:</b>	<b>Balance as of 7/1/2021</b>	<b>Funds Committed (Uncommitted)</b>	<b>Funds Expended</b>	<b>Balance as of 6/30/2022</b>
<b>General Fund:</b>				
Retirement	\$ 217,962	\$ 0	\$ 0	\$ 217,962
Accrued benefits	332,376	0	(49,530)	282,846
Post-employment health benefits	1,000,000	0	0	1,000,000
<b>Capital Projects Fund:</b>				
Technology upgrade - continuing	29,958	0	(29,958)	0
Meeting room renovation	82,000	0	0	82,000
Main floor renovation	305,000	0	(30,719)	274,281
Department improvement and maintenance	574,753	0	(9,541)	565,212
Roof project	276,722	0	0	276,722
Carnegie improvements	81,252	0	(3,455)	77,797
HVAC - boiler replacement	95,964	0	(16,750)	79,214
Medford Library project	995,306	726,081	0	1,721,387
Total	<u>\$ 3,991,293</u>	<u>\$ 726,081</u>	<u>\$ (139,953)</u>	<u>\$ 4,577,421</u>

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14:**     **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. Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php).

B.     **Benefits Provided:** The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

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

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

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14:**     **Retirement Plan (Continued)**

**B.**     **Benefits Provided: (Continued)**

*Tiers 1 and 2 (Continued)*

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

*Tiers 3, 4, and 5*

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

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

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14:**     **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, 2022**

**NOTE 14: 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 \$607,785, for the 2021 fiscal year it was \$554,152, and for the 2020 fiscal year it was \$545,129.

- D. Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2022, the Patchogue-Medford Library reported an asset of \$1,322,033 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension asset was determined by an actuarial valuation as of that date. The Patchogue-Medford Library's proportion of the net pension asset 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, 2022, the Patchogue-Medford Library's proportion was 0.0161725 percent, which was an increase of .0025237 percent from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the Patchogue-Medford Library recognized pension income of \$109,924.

**PATCHOGUE-MEDFORD LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14: Retirement Plan (Continued)**

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

At June 30, 2022, the Patchogue-Medford Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between expected and actual experience	\$ 100,119	\$ 129,861
Changes in assumptions	2,206,325	37,229
Net difference between projected and actual earnings on pension plan investments	0	4,329,104
Changes in proportion and differences between employer contributions and proportionate share of contributions	262,009	108,247
Library's contributions subsequent to the measurement date	<u>114,301</u>	<u>0</u>
Total	<u>\$ 2,682,754</u>	<u>\$ 4,604,441</u>

\$114,301 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Amount Recognized</u></b>
2023	\$ (290,852)
2024	(444,358)
2025	(1,088,454)
2026	(212,324)
2027	<u>0</u>
Total	<u>\$ (2,035,988)</u>

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14:**     **Retirement Plan (Continued)**

- E.     **Actuarial Assumptions:**     The total pension asset at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

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

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension asset.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14:**     **Retirement Plan (Continued)**

**E.**     **Actuarial Assumptions: (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.80%
Fixed income	23.00%	0.00%
Cash	1.00%	(1.00%)
Total	<u>100.00%</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%

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

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14:**    **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 (asset) of the Library, calculated using the current-period discount rate assumption of 5.90 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 (4.90 percent) or 1 percentage-point higher (6.90 percent) than the current assumption:

	<b>1% Decrease (4.90%)</b>	<b>Current Assumption (5.90%)</b>	<b>1% Increase (6.90%)</b>
Library's proportionate share of the net pension liability (asset)	\$ 3,402,898	\$ (1,322,033)	\$ (5,274,210)

*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, 2022, in thousands of dollars was as follows:

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

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 15: 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, 2022, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$304,753 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 \$89,873. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

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

Active employees	43
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	49
Total	92

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 15: Post-employment Benefits Other Than Pensions (Continued)**

**C. Total Other Post-Employment Benefit (OPEB) Liability:** The Library's total OPEB liability of \$13,026,440 was updated through June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

**D. Actuarial Assumptions and Other Inputs:**

Inflation	2.00%
Participant Salary Increases	3.50%
Discount Rate	3.54%
2021 Medical Trend Rates (Pre-65/Post-65)	7.00% / 5.00%
2022 Medical Trend Rates (Pre-65/Post-65)	6.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached	2025/2021

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2022.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted fully generational mortality table with projection scale MP-2021.

**E. Changes in The Total OPEB Liability:**

Balance at June 30, 2021	\$ <u>12,581,456</u>
Changes for the year:	
Service cost	582,237
Interest	345,538
Changes in benefit terms	0
Differences between expected and actual experience	3,965,114
Changes in assumptions and other inputs	(3,966,176)
Benefit payments	<u>(481,729)</u>
Net changes	<u>444,984</u>
Balance at June 30, 2022	\$ <u><u>13,026,440</u></u>

Note: For the purpose of calculating this liability, there have been no plan changes. The assumption changes were the updating of the pre-65 healthcare cost trend rates and the mortality improvement scale. The discount rate was 2.16% at June 30, 2021 and was 3.54% at June 30, 2022.

**PATCHOGUE-MEDFORD LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 15: Post-employment Benefits Other Than Pensions (Continued)**

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

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB Liability	\$ 15,161,665	\$ 13,026,440	\$ 11,296,540

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (5.50% decreasing to 4.00%) or 1 percentage point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rate:

	<b>1% Decrease (5.50% Decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rates (6.50% Decreasing to 5.00%)</b>	<b>1% Increase (7.50% Decreasing to 6.00%)</b>
Total OPEB Liability	\$ 10,923,660	\$ 13,026,440	\$ 15,805,951



**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 15: 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, 2022, the Library recognized OPEB expense of \$1,046,016. At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between expected and actual experience	\$ 3,457,417	\$ 864,722
Changes in assumptions	<u>1,368,782</u>	<u>3,520,033</u>
Total	<u>\$ 4,826,199</u>	<u>\$ 4,384,755</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:

<b><u>Year Ending June 30,</u></b>	<b><u>Amount Recognized</u></b>
2023	\$ 134,636
2024	190,322
2025	96,281
2026	16,811
2027	3,640
Thereafter	<u>(246)</u>
Total	<u>\$ 441,444</u>

**PATCHOGUE-MEDFORD LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 16: 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:

<b>Total Fund Balance - Modified Accrual Basis</b>	<b>\$ 8,983,638</b>
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Amounts reported in the statement of net position are different because:

• Capital assets are not financial resources for fund accounting	6,552,488
• Right to use assets are not financial resources, and are not reported in the funds	6,494
• Net pension asset is not included in the funds	1,322,033
• Deferred outflows on pension is not reported in the funds	2,682,754
• Deferred outflows on OPEB is not reported in the funds	4,826,199
• Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds	(13,026,440)
• Deferred inflows on pension is not reported in the funds	(4,604,441)
• Deferred inflows on OPEB is not reported in the funds	(4,384,755)
• Lease liability payments due in future periods are not reported in the funds	(6,494)
• Compensated absences to be paid in future periods are not included as a liability in the funds	<u>(673,854)</u>

<b>Total Net Position - Full Accrual Basis</b>	<b><u>\$ 1,677,622</u></b>
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**PATCHOGUE-MEDFORD LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 16: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)**

**Net Change in Fund Balance - Modified Accrual Basis** **\$ (377,360)**

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:

Capital outlay	1,472,672
Depreciation expense	(285,654)
Amortization expense	(1,555)
  
- (Increase)/decrease in the items reported as an expenditure in the statements of activities, not in the fund statements:

Compensated absences	13,859
Net pension expenses	458,796
Post-employment health costs	(564,287)
  
- The payment of principal on the lease liability is not an expense in the statement of activities, rather a reduction of the liability 1,555

**Change in Net Position - Full Accrual Basis** **\$ 718,026**

**PATCHOGUE-MEDFORD LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Tax Revenues:</b>				
Patchogue-Medford Union Free School District	\$ 8,887,002	\$ 8,887,002	\$ 8,887,610	\$ 608
<b>Operating Revenue:</b>				
Fines and fees	5,000	5,000	27,185	22,185
Payments in lieu of taxes	8,000	8,000	27,528	19,528
Interest income	12,000	12,000	7,102	(4,898)
Local Library Services Aid	0	0	15,119	15,119
Other grants and aid	0	0	11,483	11,483
Gifts and donations	0	0	6,646	6,646
<b>Total Operating Revenue</b>	<u>25,000</u>	<u>25,000</u>	<u>95,063</u>	<u>70,063</u>
<b>Non-Operating Revenue:</b>				
Transfer from unappropriated fund balance	0	0	0	0
<b>Total Revenues</b>	<u>\$ 8,912,002</u>	<u>\$ 8,912,002</u>	<u>\$ 8,982,673</u>	<u>\$ 70,671</u>
<b>Expenditures:</b>				
<b>Salaries:</b>				
Professional	\$ 2,474,350	\$ 2,474,350	\$ 2,280,469	\$ 193,881
Clerical	1,540,128	1,540,128	1,449,842	90,286
Page	479,633	479,633	304,145	175,488
Custodial	228,506	228,506	192,101	36,405
Security	250,628	250,628	252,710	(2,082)
<b>Total Salaries</b>	<u>\$ 4,973,245</u>	<u>\$ 4,973,245</u>	<u>\$ 4,479,267</u>	<u>\$ 493,978</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (Continued)</b>				
<b>Employee Benefits:</b>				
Social Security	\$ 372,000	\$ 372,000	\$ 345,170	\$ 26,830
Health insurance	960,000	960,000	939,925	20,075
N.Y.S. retirement	600,000	600,000	568,705	31,295
Workers' compensation	58,218	58,218	63,930	(5,712)
Unemployment insurance	10,000	10,000	0	10,000
Disability insurance	7,500	7,500	3,877	3,623
<b>Total Employee Benefits</b>	<u>2,007,718</u>	<u>2,007,718</u>	<u>1,921,607</u>	<u>86,111</u>
<b>Library Materials and Programs:</b>				
Books, periodicals and other library materials	689,639	689,639	642,982	46,657
Library and office supplies	47,000	47,000	47,560	(560)
Programs	231,900	231,900	261,469	(29,569)
Cooperative services	101,600	101,600	87,817	13,783
<b>Total Library Materials and Programs</b>	<u>1,070,139</u>	<u>1,070,139</u>	<u>1,039,828</u>	<u>30,311</u>
<b>Library Operations:</b>				
Telecommunications	55,000	55,000	24,584	30,416
Postage	15,000	15,000	12,804	2,196
Printing and public relations	42,000	42,000	52,266	(10,266)
Staff development	20,000	20,000	16,574	3,426
Mileage reimbursement	2,500	2,500	1,123	1,377
Computer services	82,900	82,900	89,830	(6,930)
Professional fees - legal	20,000	20,000	10,034	9,966
Professional fees - payroll	27,000	27,000	22,067	4,933
Professional fees - auditing and accounting	20,000	20,000	21,021	(1,021)
Professional fees - Treasurer	5,000	5,000	4,980	20
Consulting services	10,000	10,000	6,810	3,190
Maintenance and repair - library equipment	25,000	25,000	25,210	(210)
Minor furniture and equipment	10,000	10,000	14,231	(4,231)
Minor computer equipment and peripherals	10,000	10,000	4,327	5,673
Miscellaneous	500	500	692	(192)
<b>Total Library Operations</b>	<u>\$ 344,900</u>	<u>\$ 344,900</u>	<u>\$ 306,553</u>	<u>\$ 38,347</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (Continued)</b>				
<b>Building Operations:</b>				
Utilities - electric	\$ 100,000	\$ 100,000	\$ 81,906	\$ 18,094
Utilities - water	3,000	3,000	3,105	(105)
Utilities - fuel	23,000	23,000	16,762	6,238
Insurance	102,000	102,000	58,572	43,428
Maintenance and repair - building equipment	100,000	100,000	122,028	(22,028)
Sewer assessment	25,000	25,000	25,597	(597)
Custodial supplies	20,000	20,000	23,536	(3,536)
Outside custodial services/sanitation	61,000	61,000	53,913	7,087
<b>Total Building Operations</b>	<u>434,000</u>	<u>434,000</u>	<u>385,419</u>	<u>48,581</u>
<b>Capital Outlay:</b>				
Furniture and equipment	42,000	42,000	55,301	(13,301)
Computer equipment	40,000	40,000	14,500	25,500
<b>Total Capital Outlay</b>	<u>82,000</u>	<u>82,000</u>	<u>69,801</u>	<u>12,199</u>
<b>Debt Service:</b>				
Principal - lease			1,555	
Interest - lease			65	
<b>Total Debt Service</b>	<u>0</u>	<u>0</u>	<u>1,620</u>	<u>(1,620)</u>
<b>Total Expenditures</b>	<u>8,912,002</u>	<u>8,912,002</u>	<u>8,204,095</u>	<u>707,907</u>
<b>Excess of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>778,578</u>	<u>778,578</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Capital projects Fund	<u>0</u>	<u>0</u>	<u>(701,081)</u>	<u>(701,081)</u>
<b>Excess of Revenues Over Expenditures And Other Financing Uses</b>	<u>0</u>	<u>0</u>	<u>77,497</u>	<u>77,497</u>
Budgetary fund balance - beginning of year	<u>5,389,034</u>	<u>5,389,034</u>	<u>5,389,034</u>	<u>5,389,034</u>
<b>Budgetary Fund Balance - End Of Year</b>	<u>\$ 5,389,034</u>	<u>\$ 5,389,034</u>	<u>\$ 5,466,531</u>	<u>\$ 5,466,531</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 2022 FISCAL YEAR\*\***

	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.01617%	0.01365%	0.01291%	0.01309%	0.01345%	0.01298%	0.01331%	0.01287%
Library's proportionate share of the net pension liability (asset)	\$ (1,322,033)	\$ 13,591	\$ 3,418,226	\$ 927,279	\$ 434,227	\$ 1,219,204	\$ 2,135,614	\$ 434,650
Library's covered-employee payroll	\$ 3,921,817	\$ 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	(33.710%)	0.355%	92.429%	26.103%	12.380%	32.429%	58.498%	11.935%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	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 2022 FISCAL YEAR**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 607,785	\$ 554,152	\$ 545,129	\$ 528,788	\$ 528,916	\$ 579,837	\$ 665,691	\$ 697,933
Contributions in relation to the contractually required contribution	<u>607,785</u>	<u>554,152</u>	<u>545,129</u>	<u>528,788</u>	<u>528,916</u>	<u>579,837</u>	<u>665,691</u>	<u>697,933</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Library's covered-employee payroll	\$ 3,921,817	\$ 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	15.50%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 582,237	\$ 405,227	\$ 289,387	\$ 301,506	\$ 317,090
Interest	345,538	274,225	352,307	411,274	385,081
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	3,965,114	0	(1,725,146)	0	0
Changes in assumptions or other inputs	(3,966,176)	98,168	2,210,471	594,266	(452,115)
Benefit payments	<u>(481,729)</u>	<u>(396,503)</u>	<u>(372,517)</u>	<u>(370,350)</u>	<u>(357,414)</u>
Net Change in total OPEB liability	444,984	381,117	754,502	936,696	(107,358)
Total OPEB liability- beginning	<u>12,581,456</u>	<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>\$ 13,026,440</u>	<u>\$ 12,581,456</u>	<u>\$ 12,200,339</u>	<u>\$ 11,445,837</u>	<u>\$ 10,509,141</u>
Covered-employee payroll	\$ 3,145,526	\$ 2,367,229	\$ 2,309,492	\$ 2,272,602	\$ 2,217,173
Total OPEB liability as a % of covered-employee payroll	414.13%	531.48%	528.27%	503.64%	473.99%
Notes to schedule:					
Assumption changes:					
Discount rate	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	7.0% down to 5.0%	7.0% down to 4.5%	7.5% down to 4.5%	8.5% down to 5.0%	9.0% down to 5.0%
Plan changes:	None	None	None	None	None

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