

PATCHOGUE-MEDFORD LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2023

PATCHOGUE-MEDFORD LIBRARY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	3-4
Management's Discussion and Analysis	5-9
Basic Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	10-12
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	13
Notes to Financial Statements	14-35
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	36-38
Schedule of Proportionate Share of the Net Pension Liability	39
Schedule of Library Pension Contributions	40
Schedule of Changes in the Library's Total OPEB Liability and Related Ratios	41

BALDESSARI & COSTER LLP

Certified Public Accountants
84 Covert Avenue
Stewart Manor, New York 11530

Kevin Baldessari, C.P.A.
Albert Coster, C.P.A.
Edward Schlomann, C.P.A.

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THE NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

(516) 326-2582
Fax # (516) 358-7626

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, 2023, 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, 2023, 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.

Belcher & Company

Certified Public Accountants
Stewart Manor, New York
December 4, 2023

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, 2023	June 30, 2022	Increase (Decrease)
Assets:			
Current assets	\$ 7,296	\$ 9,708	\$ (2,412)
Net pension asset	0	1,322	(1,322)
Right to use assets	5	6	(1)
Capital assets	10,043	6,552	3,491
Total Assets	17,344	17,588	(244)
Deferred Outflows of Resources	6,158	7,509	(1,351)
Liabilities:			
Long-term debt	17,281	13,707	3,574
Other liabilities	740	723	17
Total Liabilities	18,021	14,430	3,591
Deferred Inflows of Resources	3,993	8,989	(4,996)
Net Position:			
Net investment in capital assets	10,043	6,552	3,491
Restricted for specific use	44	402	(358)
Unrestricted	(8,599)	(5,276)	(3,323)
Total Net Position	\$ 1,488	\$ 1,678	\$ (190)
Revenue:			
District taxes	\$ 9,071	\$ 8,888	\$ 183
State Aid and grants	856	621	235
Other revenue	143	285	(142)
Total Revenue	10,070	9,794	276
Expenses - Library Services	10,260	9,076	1,184
Change in net position	(190)	718	(908)
Net position - beginning of year	1,678	960	718
Net Position - End of Year	\$ 1,488	\$ 1,678	\$ (190)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position decreased by \$189,723 this year. The primary reason for this decrease is detailed within the Statement of Activities on page thirteen.
- The Library's primary source of revenue is from property taxes, which represents 90 percent of total revenue. In the prior year, property taxes represented 91 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 78 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 73 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 decreased during the year from \$5,466,531 to \$5,338,367. The fund balance of the Capital Fund decreased from \$3,517,107 to \$1,217,740. 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 \$116,907 favorable variance for operating revenues. This was primarily due to 1) receiving more interest income due to the increase in rates; 2) more payments in lieu of taxes than anticipated, and 3) receiving an additional \$12,576 for fees, passports, lost items, and copies.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- In total, the salaries budget section was underspent by \$397,338 or 7.8%. The Library attributes this to unanticipated resignations and retirements combined with difficulty finding qualified candidates. The Page line was underspent by \$147,262, due to the shifting of responsibilities between Pages and Clerks as needs changed. The Custodial salary line was underspent by \$32,653 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 \$135,184. This was primarily a function of the lower salary expense as mentioned above. The N.Y.S. retirement budget line was underspent because the actual invoice paid was less than the amount projected by the Retirement System. The favorable budget variance for unemployment was due to the fact that there were no claims filed during the fiscal year.
- The budget line for books, periodicals and other library materials was underspent by \$77,043. This was due to decreased ordering based on lower demand for these materials.
- The budget line for cooperative services was underspent by \$12,690. This was due to a decrease in cost for member library support.
- The budget line for staff development costs was overspent by \$5,937 due to the need for additional training of staff at various levels.
- 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 consulting was underspent because fewer services were required for projects in the main library and appraisal costs were less expensive than anticipated.
- The budget line for maintenance and repair – library equipment was underspent because fewer computer, printer and copier repairs were required than expected.
- The budget line for fuel was underspent by \$6,975. The Library attributes this to warmer temperatures in the winter and maintaining its earlier Friday closure.
- The budget line for insurance was underspent because anticipated premiums related to the Medford Branch did not occur.
- The budget line for outside custodial services/sanitation was underspent by \$13,110. The Library was able to achieve this savings by postponing carpet and floor cleaning prior to the installation of new carpet on the second floor.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- In total, the capital outlay budget section was overspent by \$63,861. The Library attributes this to the renovations and purchases for its new public spaces, including Studio E and Makerspace. In addition, more furniture and equipment was required to be replaced than anticipated.

Capital Assets and Debt Administration:

During the fiscal year ending June 30, 2023, the Library purchased \$3,787,368 of fixed assets (capital outlay). Purchases were primarily for building costs 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 asset reported in the prior year of \$1,322,033, reversed and became a net pension liability of \$3,396,320 at June 30, 2023. The liability for compensated absences at June 30, 2023 was \$678,421. This represents an increase of \$4,567 from the previous year. The obligation for other post-employment benefits at June 30, 2023 was \$13,201,773. This represents an increase of \$175,333 from the previous year. The Library also made principal payments of \$1,569 on its lease liability reducing the debt at June 30, 2023 to \$4,925.

Currently Known Conditions:

The anticipated tax revenues for the 2023-2024 fiscal year are \$9,265,770. This represents a 2.14% tax increase as compared to the 2022-2023 fiscal year budget.

PATCHOGUE-MEDFORD LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
Assets:						
Cash and cash equivalents:						
Checking	\$ 278,846	\$ 1,341,484	\$ 38,940	\$ 1,659,270	\$	\$ 1,659,270
Money market	4,343,884			4,343,884		4,343,884
Petty cash	696			696		696
Total cash and cash equivalents	<u>4,623,426</u>	<u>1,341,484</u>	<u>38,940</u>	<u>6,003,850</u>	<u>0</u>	<u>6,003,850</u>
Grants receivable		45,831		45,831		45,831
Internal receivables	66,204			66,204	(66,204)	
Payment in lieu of taxes receivable	43,795			43,795		43,795
Prepaid expenses	88,179	6,183	55,000	149,362		149,362
Investments - certificates of deposit	1,053,315			1,053,315		1,053,315
Right to use assets, net of amortization					4,925	4,925
Capital assets, net of depreciation					10,043,135	10,043,135
Total Assets	<u>5,874,919</u>	<u>1,393,498</u>	<u>93,940</u>	<u>7,362,357</u>	<u>9,981,856</u>	<u>17,344,213</u>
Deferred Outflows of Resources:						
Deferred outflows on pension					2,322,510	2,322,510
Deferred outflows on OPEB					3,835,232	3,835,232
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,157,742</u>	<u>6,157,742</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,874,919</u>	<u>\$ 1,393,498</u>	<u>\$ 93,940</u>	<u>\$ 7,362,357</u>	<u>\$ 16,139,598</u>	<u>\$ 23,501,955</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, 2023

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
Liabilities:						
Accounts payable	\$ 186,891	\$ 152,718	\$ 1,763	\$ 341,372	\$	\$ 341,372
Accrued payroll and related items	222,761			222,761		222,761
Accrued NYS retirement	125,848			125,848		125,848
Grants received in advance	1,052		49,013	50,065		50,065
Internal payables		23,040	43,164	66,204	(66,204)	
Non-current liabilities:						
Lease liability					4,925	4,925
Compensated absences					678,421	678,421
Net pension liability					3,396,320	3,396,320
Obligation for other post-employment benefits					13,201,773	13,201,773
Total Liabilities	536,552	175,758	93,940	806,250	17,215,235	18,021,485
Deferred Inflows of Resources:						
Deferred inflows on pension					277,142	277,142
Deferred inflows on OPEB					3,715,429	3,715,429
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	0	\$ 3,992,571	\$ 3,992,571

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, 2023

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
Fund Balances/Net Position:						
Nonspendable - prepaid amounts	\$ 88,179	\$ 6,183	\$	\$ 94,362	\$ (94,362)	\$
Restricted for Medford parking lot project		44,397		44,397	(44,397)	
Committed for specific purposes	1,438,725	1,023,501		2,462,226	(2,462,226)	
Assigned for capital projects		143,659		143,659	(143,659)	
Assigned for 2023-2024 budget	110,887			110,887	(110,887)	
Unassigned	3,700,576			3,700,576	(3,700,576)	
Total Fund Balances	5,338,367	1,217,740	0	6,556,107	(6,556,107)	
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	\$ 5,874,919	\$ 1,393,498	\$ 93,940	\$ 7,362,357		
Net Position:						
Net investment in capital assets				10,043,135	10,043,135	10,043,135
Restricted for Medford Library projects				44,397	44,397	44,397
Unrestricted				(8,599,633)	(8,599,633)	(8,599,633)
Total Net Position				\$ 1,487,899	\$ 1,487,899	\$ 1,487,899

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, 2023

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Activities
Revenues:						
Tax revenues	\$ 9,071,388	\$	\$	\$ 9,071,388	\$	\$ 9,071,388
Payments in lieu of taxes	98,412			98,412		98,412
Fines and fees	27,576			27,576		27,576
Interest income	15,910	283	23	16,216		16,216
Central Library Aid			361,437	361,437		361,437
Local Library Services Aid	15,345			15,345		15,345
Other grants, gifts and donations	6,164	473,434		479,598		479,598
Total Revenues	<u>9,234,795</u>	<u>473,717</u>	<u>361,460</u>	<u>10,069,972</u>	<u>0</u>	<u>10,069,972</u>
Expenditures/Expenses for Library Services:						
Salaries	4,699,593		120,240	4,819,833	4,243	4,824,076
Employee benefits	1,920,534		15,944	1,936,478	1,248,596	3,185,074
Library materials and programs	993,248		225,276	1,218,524		1,218,524
Library operations	341,166			341,166		341,166
Building operations	382,359	10,155		392,514		392,514
Capital outlay	245,861	3,541,507		3,787,368	(3,787,368)	
Depreciation					296,721	296,721
Amortization					1,569	1,569
Debt Service:						
Principal - lease	1,569			1,569	(1,569)	
Interest - lease	51			51		51
Total Expenditures/Expenses	<u>8,584,381</u>	<u>3,551,662</u>	<u>361,460</u>	<u>12,497,503</u>	<u>(2,237,808)</u>	<u>10,259,695</u>
Excess (Deficiency) Of Revenues Over Expenditures	650,414	(3,077,945)	0	(2,427,531)	2,237,808	
Other Financing Sources/Uses:						
Transfers- internal activities	(778,578)	778,578	0	0		
Excess (Deficiency) Of Revenues And Transfers Over Expenditures	(128,164)	(2,299,367)	0	(2,427,531)	2,427,531	
Change In Net Position					(189,723)	(189,723)
Fund balance/net position- beginning of the year	5,466,531	3,517,107	0	8,983,638	(7,306,016)	1,677,622
Fund Balance/Net Position- End Of The Year	<u>\$ 5,338,367</u>	<u>\$ 1,217,740</u>	<u>\$ 0</u>	<u>\$ 6,556,107</u>	<u>\$ (5,068,208)</u>	<u>\$ 1,487,899</u>

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

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023**

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, 2023

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, 2023

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, 2023. 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, 2023. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2023 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 1/22/24, yield 0.30%	\$ 0	\$ 1,053,315	\$ 1,053,315
Total Investment in Certificates of Deposit	<u>\$ 0</u>	<u>\$ 1,053,315</u>	<u>\$ 1,053,315</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$7,056,469 (excludes petty cash) and the bank balance was \$7,677,898. Of the bank balance, \$1,000,000 was covered by federal depository insurance. The remaining balance of \$6,677,898 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, 2023:

	<u>Balance as of 7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of 6/30/2023</u>
Right to use assets:				
Leased postage machine	\$ 8,306	\$ 0	\$ 0	\$ 8,306
Less accumulated amortization for:				
Leased postage machine	(1,812)	(1,569)	0	(3,381)
Right to use assets, net	<u>\$ 6,494</u>	<u>\$ (1,569)</u>	<u>\$ 0</u>	<u>\$ 4,925</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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:

	Balance as of 7/1/2022	Additions	Adjustments & Deletions	Balance as of 6/30/2023
Assets not being depreciated:				
Costruction in progress	\$ 1,415,923	\$ 3,527,151	\$ 0	\$ 4,943,074
Assets being depreciated:				
Building improvements	6,112,581	14,130	0	6,126,711
Furniture and equipment	4,059,032	246,087	0	4,305,119
Total	11,587,536	3,787,368	0	15,374,904
Accumulated depreciation	(5,035,048)	(296,721)	0	(5,331,769)
Net Book Value	\$ 6,552,488	\$ 3,490,647	\$ 0	\$ 10,043,135

NOTE 8: **Accounts Payable**

Accounts payable consisted of unpaid invoices at June 30, 2023.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2023:

				<u>Non-current liabilities</u>		
	<u>Balance</u>			<u>Balance</u>	<u>Due within</u>	<u>Due after</u>
	<u>7/1/2022</u>	<u>Increases</u>	<u>Reductions</u>	<u>6/30/2023</u>	<u>one year</u>	<u>one year</u>
Compensated absences	\$ 673,854	\$ 4,567	\$ 0	\$ 678,421	\$ 0	\$ 678,421
Net pension liability	0	3,396,320	0	3,396,320	0	3,396,320
Lease liability	6,494	0	1,569	4,925	1,583	3,342
Other post-employment benefits payable	<u>13,026,440</u>	<u>175,333</u>	<u>0</u>	<u>13,201,773</u>	<u>0</u>	<u>13,201,773</u>
	<u>\$ 13,706,788</u>	<u>\$ 3,576,220</u>	<u>\$ 1,569</u>	<u>\$ 17,281,439</u>	<u>\$ 1,583</u>	<u>\$ 17,279,856</u>

NOTE 10: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2023 for unused sick and vacation pay amounting to \$678,421. This is an increase of \$4,567 from the June 30, 2022 balance of \$673,854. No portion of this liability is expected to be paid within one year.

NOTE 11: 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 \$4,925 at June 30, 2023.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: Lease Liability (Continued)

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2023, are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 1,583	\$ 37	\$ 1,620
2025	1,597	23	1,620
2026	1,611	9	1,620
2027	134	1	135
Total	<u>\$ 4,925</u>	<u>\$ 70</u>	<u>\$ 4,995</u>

NOTE 12: Funds Committed for Specific Purposes

A summary of changes in designated funds for the year ending June 30, 2023 is as follows:

Funds Committed For:	<u>Balance as of 7/1/2022</u>	<u>Funds Committed (Uncommitted)</u>	<u>Funds Expended</u>	<u>Balance as of 6/30/2023</u>
General Fund:				
Retirement	\$ 217,962	\$ 0	\$ 0	\$ 217,962
Accrued benefits	282,846	0	(62,083)	220,763
Post-employment health benefits	1,000,000	0	0	1,000,000
Capital Projects Fund:				
Meeting room renovation	82,000	(82,000)	0	0
Main floor renovation	274,281	(73,000)	0	201,281
Department improvement and maintenance	565,212	(73,000)	(14,356)	477,856
Roof project	276,722	0	0	276,722
Carnegie improvements	77,797	0	(10,155)	67,642
HVAC - boiler replacement	79,214	(79,214)	0	0
Medford Library project	<u>1,721,387</u>	<u>458,303</u>	<u>(2,179,690)</u>	<u>0</u>
Total	<u>\$ 4,577,421</u>	<u>\$ 151,089</u>	<u>\$ (2,266,284)</u>	<u>\$ 2,462,226</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13: **Retirement Plan**

A. **Plan Description and Benefits Provided:** The Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2022, he was elected for a new term commencing January 1, 2023. 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.

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, 2023

NOTE 13: **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 5 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's compensation used in the final average salary calculation is limited to no more than 10 percent greater than 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 five 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, 2023

NOTE 13: **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 five 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 of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous four years.

Disability Retirement Benefits

Disability retirement benefits are available to System members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

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 retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, 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. 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.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13: Retirement Plan (Continued)

C. **Contributions:** The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length 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 \$457,202, for the 2022 fiscal year it was \$607,785, and for the 2021 fiscal year it was \$554,152.

D. **Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2023, the Patchogue-Medford Library reported a liability of \$3,396,320 for its proportionate share of the net pension liability. The net pension asset was measured as of March 31, 2023, and the total 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, 2023, the Patchogue-Medford Library's proportion was 0.0158381 percent, which was an decrease of .0003344 percent from its proportion measured at June 30, 2022.

For the year ended June 30, 2023, the Patchogue-Medford Library recognized pension expense of \$1,215,933.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13: Retirement Plan (Continued)

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

At June 30, 2023, 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	\$ 361,735	\$ 95,381
Changes in assumptions	1,649,472	18,230
Net difference between projected and actual earnings on pension plan investments	0	19,953
Changes in proportion and differences between employer contributions and proportionate share of contributions	185,455	143,578
Library's contributions subsequent to the measurement date	<u>125,848</u>	<u>0</u>
Total	<u><u>\$ 2,322,510</u></u>	<u><u>\$ 277,142</u></u>

\$125,848 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, 2024. 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>
2024	\$ 472,352
2025	(158,542)
2026	699,128
2027	906,582
2028	<u>0</u>
Total	<u><u>\$ 1,919,520</u></u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13: **Retirement Plan (Continued)**

- E. Actuarial Assumptions:** The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions:

Inflation	2.90%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation	5.90%
Cost of Living Adjustments	1.50%

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-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 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, 2023**

NOTE 13: 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%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
Total	100.00%	

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, 2023

NOTE 13: **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:

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Assumption</u>	<u>Increase</u>
	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Library's proportionate share			
of the net pension liability (asset)	\$ 8,207,448	\$ 3,396,320	\$ (623,938)

Pension plan fiduciary net position – The components of the current year net pension liability of the New York State Employees' Retirement System as of March 31, 2023, in thousands of dollars was as follows:

	<u>Total</u>
Employers' total pension liability	\$ 232,627,259
Plan net position	<u>(211,183,223)</u>
Employers' net pension liability	<u>\$ 21,444,036</u>
Ratio of plan net position to the	
Employers' total pension liability	90.78%

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14: 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, 2023, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$307,489 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 \$124,297. 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	<u>92</u>

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14: Post-employment Benefits Other Than Pensions (Continued)

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$13,201,773 was updated through June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

D. Actuarial Assumptions and Other Inputs:

Inflation	2.00%
Participant Salary Increases	3.50%
Discount Rate	3.65%
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, 2023.

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, 2022	\$ <u>13,026,440</u>
Changes for the year:	
Service cost	402,030
Interest	466,956
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(214,226)
Benefit payments	<u>(479,427)</u>
Net changes	<u>175,333</u>
Balance at June 30, 2023	\$ <u><u>13,201,773</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 3.54% at June 30, 2022 and was 3.65% at June 30, 2023.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14: 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 (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 15,344,807	\$ 13,201,773	\$ 11,463,430

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 (5.00% decreasing to 4.00%) or 1 percentage point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (5.00% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.00% Decreasing to 5.00%)	1% Increase (7.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 10,980,281	\$ 13,201,773	\$ 16,147,299

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14: 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, 2023, the Library recognized OPEB expense of \$976,401. At June 30, 2023, 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	\$ 2,949,720	\$ 577,914
Changes in assumptions	<u>885,512</u>	<u>3,137,515</u>
Total	<u>\$ 3,835,232</u>	<u>\$ 3,715,429</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>
2024	\$ 163,101
2025	69,060
2026	(10,410)
2027	(23,581)
2028	(27,357)
Thereafter	<u>(51,010)</u>
Total	<u>\$ 119,803</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15: 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 \$ 6,556,107

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

- Capital assets are not financial resources for fund accounting 10,043,135
- Right to use assets are not financial resources, and are not reported in the funds 4,925
- Deferred outflows on pension is not reported in the funds 2,322,510
- Deferred outflows on OPEB is not reported in the funds 3,835,232
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (13,201,773)
- Net pension liability is not included in the funds (3,396,320)
- Deferred inflows on pension is not reported in the funds (277,142)
- Deferred inflows on OPEB is not reported in the funds (3,715,429)
- Lease liability payments due in future periods are not reported in the funds (4,925)
- Compensated absences to be paid in future periods are not included as a liability in the funds (678,421)

Total Net Position - Full Accrual Basis \$ 1,487,899

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)

Net Change in Fund Balance - Modified Accrual Basis **\$ (2,427,531)**

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	3,787,368
Depreciation expense	(296,721)
Amortization expense	(1,569)

- (Increase)/decrease in the items reported as an expenditure in the statements of activities, not in the fund statements:

Compensated absences	(4,567)
Net pension expenses	(751,298)
Post-employment health costs	(496,974)

- The payment of principal on the lease liability is not an expense in the statement of activities, rather a reduction of the liability 1,569

Change in Net Position - Full Accrual Basis **\$ (189,723)**

PATCHOGUE-MEDFORD LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<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	\$ 9,071,388	\$ 9,071,388	\$ 9,071,388	\$ 0
Operating Revenue:				
Fines and fees	15,000	15,000	27,576	12,576
Payments in lieu of taxes	12,000	12,000	98,412	86,412
Interest income	4,500	4,500	15,910	11,410
Local Library Services Aid	15,000	15,000	15,345	345
Other grants and aid	0	0	3,987	3,987
Gifts and donations	0	0	2,162	2,162
Miscellaneous income	0	0	15	15
Total Operating Revenue	<u>46,500</u>	<u>46,500</u>	<u>163,407</u>	<u>116,907</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	115,766	115,766	0	(115,766)
Total Revenues	<u>\$ 9,233,654</u>	<u>\$ 9,233,654</u>	<u>\$ 9,234,795</u>	<u>\$ 1,141</u>
Expenditures:				
Salaries:				
Professional	\$ 2,560,952	\$ 2,560,952	\$ 2,428,260	\$ 132,692
Clerical	1,585,033	1,585,033	1,504,706	80,327
Page	458,802	458,802	311,540	147,262
Custodial	236,504	236,504	203,851	32,653
Security	255,640	255,640	251,236	4,404
Total Salaries	<u>\$ 5,096,931</u>	<u>\$ 5,096,931</u>	<u>\$ 4,699,593</u>	<u>\$ 397,338</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Employee Benefits:				
Social Security	\$ 380,000	\$ 380,000	\$ 357,304	\$ 22,696
Health insurance	975,000	975,000	1,034,599	(59,599)
N.Y.S. retirement	625,000	625,000	468,745	156,255
Workers' compensation	58,218	58,218	55,564	2,654
Unemployment insurance	10,000	10,000	0	10,000
Disability insurance	7,500	7,500	4,322	3,178
Total Employee Benefits	<u>2,055,718</u>	<u>2,055,718</u>	<u>1,920,534</u>	<u>135,184</u>
Library Materials and Programs:				
Books, periodicals and other library materials	689,639	689,639	612,596	77,043
Library and office supplies	47,000	47,000	46,248	752
Programs	269,166	269,166	247,094	22,072
Cooperative services	100,000	100,000	87,310	12,690
Total Library Materials and Programs	<u>1,105,805</u>	<u>1,105,805</u>	<u>993,248</u>	<u>112,557</u>
Library Operations:				
Telecommunications	55,000	55,000	59,981	(4,981)
Postage	15,000	15,000	18,313	(3,313)
Printing and public relations	42,000	42,000	45,632	(3,632)
Staff development	20,000	20,000	25,937	(5,937)
Mileage reimbursement	2,500	2,500	2,431	69
Computer services	83,200	83,200	83,698	(498)
Professional fees - legal	17,500	17,500	11,252	6,248
Professional fees - payroll	27,000	27,000	24,670	2,330
Professional fees - auditing and accounting	20,000	20,000	21,789	(1,789)
Professional fees - Treasurer	5,000	5,000	4,980	20
Consulting services	10,000	10,000	3,200	6,800
Maintenance and repair - library equipment	30,000	30,000	17,259	12,741
Minor furniture and equipment	12,000	12,000	11,679	321
Minor computer equipment and peripherals	10,000	10,000	9,951	49
Miscellaneous	500	500	394	106
Total Library Operations	<u>\$ 349,700</u>	<u>\$ 349,700</u>	<u>\$ 341,166</u>	<u>\$ 8,534</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, 2023

	<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	\$ 104,296	\$ (4,296)
Utilities - water	3,500	3,500	3,099	401
Utilities - fuel	25,000	25,000	18,025	6,975
Insurance	106,000	106,000	59,531	46,469
Maintenance and repair - building equipment	100,000	100,000	98,606	1,394
Sewer assessment	25,000	25,000	27,445	(2,445)
Custodial supplies	20,000	20,000	20,467	(467)
Outside custodial services/sanitation	64,000	64,000	50,890	13,110
Total Building Operations	<u>443,500</u>	<u>443,500</u>	<u>382,359</u>	<u>61,141</u>
Capital Outlay:				
Building improvements	0	0	19,397	(19,397)
Furniture and equipment	142,000	142,000	198,046	(56,046)
Computer equipment	40,000	40,000	28,418	11,582
Total Capital Outlay	<u>182,000</u>	<u>182,000</u>	<u>245,861</u>	<u>(63,861)</u>
Debt Service:				
Principal - lease			1,569	
Interest - lease			51	
Total Debt Service	<u>0</u>	<u>0</u>	<u>1,620</u>	<u>(1,620)</u>
Total Expenditures	<u>9,233,654</u>	<u>9,233,654</u>	<u>8,584,381</u>	<u>649,273</u>
Excess of Revenues Over Expenditures	0	0	650,414	650,414
Other Financing Sources (Uses):				
Transfer to Capital projects Fund	<u>0</u>	<u>0</u>	<u>(778,578)</u>	<u>(778,578)</u>
Excess of Expenditures And Other Financing Uses Over Revenues	0	0	(128,164)	(128,164)
Budgetary fund balance - beginning of year	<u>5,466,531</u>	<u>5,466,531</u>	<u>5,466,531</u>	<u>5,466,531</u>
Budgetary Fund Balance - End Of Year	<u>\$ 5,466,531</u>	<u>\$ 5,466,531</u>	<u>\$ 5,338,367</u>	<u>\$ 5,338,367</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 2023 FISCAL YEAR**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.01584%	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)	\$ 3,396,320	\$ (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	\$ 4,119,428	\$ 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	82.446%	(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	90.78%	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 2023 FISCAL YEAR

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 457,202	\$ 607,785	\$ 554,152	\$ 545,129	\$ 528,788	\$ 528,916	\$ 579,837	\$ 665,691	\$ 697,933
Contributions in relation to the contractually required contribution	457,202	607,785	554,152	545,129	528,788	528,916	579,837	665,691	697,933
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library's covered-employee payroll	\$ 4,119,428	\$ 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	11.10%	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

	2023	2022	2021	2020	2019	2018
Service Cost	\$ 402,030	\$ 582,237	\$ 405,227	\$ 289,387	\$ 301,506	\$ 317,090
Interest	466,956	345,538	274,225	352,307	411,274	385,081
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	0	3,965,114	0	(1,725,146)	0	0
Changes in assumptions or other inputs	(214,226)	(3,966,176)	98,168	2,210,471	594,266	(452,115)
Benefit payments	(479,427)	(481,729)	(396,503)	(372,517)	(370,350)	(357,414)
Net Change in total OPEB liability	175,333	444,984	381,117	754,502	936,696	(107,358)
Total OPEB liability- beginning	13,026,440	12,581,456	12,200,339	11,445,837	10,509,141	10,616,499
Total OPEB liability- ending	<u>\$ 13,201,773</u>	<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	\$ 3,224,164	\$ 3,145,526	\$ 2,367,229	\$ 2,309,492	\$ 2,272,602	\$ 2,217,173
Total OPEB liability as a % of covered-employee payroll	409.46%	414.13%	531.48%	528.27%	503.64%	473.99%
Notes to schedule:						
Assumption changes:						
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2021	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	6.5% down to 5.0%	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	None

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