

PATCHOGUE-MEDFORD LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2024

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

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, 2024, 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, 2024, 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
October 24, 2024

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, 2024	June 30, 2023	Increase (Decrease)
Assets:			
Current assets	\$ 6,605	\$ 7,296	\$ (691)
Right to use assets	3	5	(2)
Capital assets	10,946	10,043	903
Total Assets	17,554	17,344	210
Deferred Outflows of Resources	4,692	6,158	(1,466)
Liabilities:			
Long-term debt	13,502	17,281	(3,779)
Other liabilities	638	740	(102)
Total Liabilities	14,140	18,021	(3,881)
Deferred Inflows of Resources	6,991	3,993	2,998
Net Position:			
Net investment in capital assets	10,946	10,043	903
Restricted for specific use	0	44	(44)
Unrestricted	(9,831)	(8,599)	(1,232)
Total Net Position	\$ 1,115	\$ 1,488	\$ (373)
Revenue:			
District taxes	\$ 9,266	\$ 9,071	\$ 195
State Aid and grants	670	856	(186)
Other revenue	246	143	103
Total Revenue	10,182	10,070	112
Expenses - Library Services	10,555	10,260	295
Change in net position	(373)	(190)	(183)
Net position - beginning of year	1,488	1,678	(190)
Net Position - End of Year	\$ 1,115	\$ 1,488	\$ (373)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net position decreased by \$372,403 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 91 percent of total revenue. In the prior year, property taxes represented 90 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 77 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 78 percent of the Library's total expense.

The Library Funds:

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

The fund balance of the General Fund decreased during the year from \$5,338,367 to \$4,639,851. The fund balance of the Capital Fund decreased from \$1,217,740 to \$976,925. The fund balance in the Central Library Fund increased from \$0 to \$350,000. 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:

- The budget line for fines and fees had a favorable variance due to collecting more copier revenue and processing more passports than anticipated.
- The budget line for payments in lieu of taxes, gifts and donations as well as miscellaneous income all had favorable variances. The amounts to be received for these items are generally unknown during budget preparation. Therefore, the Library tends to budget conservatively for this income.
- The budget line for interest income had a favorable variance due to the significant increase in interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- In total, the salaries budget section was only underspent by \$98,470 or 1.89%. This was largely due to having many of the variances in one budget line offset another. For example, the budget line for clerical salaries was overspent because the Library required additional staff to prepare for the opening of the Medford Branch. Whereas the budget line for page salaries was underspent. The Library has had a difficult time finding pages and some of their responsibilities have had to shift to clerical staff.
- The budget line for health insurance was overspent because premiums for both active and retired employees increased more than anticipated.
- 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 budget line for workers compensation was underspent because premiums were lower than anticipated.
- 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 \$69,473. This was due to decreased ordering based on lower demand for these materials.
- The budget line for programs was underspent by \$37,150. The Library attributes this to the fact that the Medford Branch had a delayed opening and programming was not required for this location.
- The budget line for cooperative services was underspent by \$13,131. This was due to a decrease in cost for member library support.
- The budget line for telecommunications was underspent because the cost to setup service at the Medford Branch was less than anticipated.
- The budget line for postage was overspent due to the increase in postal rates combined with the number of absentee ballots that were mailed.
- The budget line for printing and public relations was overspent due to the purchase of additional signage for for Studio E and the Marjorie Roe Reading Room.
- The budget line for computer services was overspent because of the increased cost of software subscriptions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for professional fees – legal was overspent because more services were required than anticipated. However, the budget line for consulting services was underspent because fewer services were required than anticipated.
- The budget line for maintenance and repair – library equipment was underspent because fewer vehicle, computer, printer and copier repairs were required than expected.
- The budget line for insurance was underspent because anticipated premiums related to the Medford Branch were not incurred due to the delayed opening. In addition, the Library received two safety dividends which lowered the net insurance expense.
- The budget line for outside custodial services/sanitation was underspent by \$11,789. Due to the delayed opening of the Medford Branch, costs for landscaping, garbage and snow removal were lower than anticipated.
- The budget variances of the individual lines within the capital outlay budget section offset one another. In total, the budget section was only underspent by \$728. The Library attributes this spending less on furniture and equipment, but to having to spend more on computer equipment and building improvements. Building improvements included items such as flooring, wiring and a new steel door at the main building as well as a fire hydrant and water lines at the Medford Branch.

Capital Assets and Debt Administration:

During the fiscal year ending June 30, 2024, the Library purchased \$1,341,036 of fixed assets (capital outlay). Purchases were primarily for construction costs related to the Medford Branch. The remaining purchases were for a variety of items such as furniture, fixtures and equipment.

The only long-term debt that the Library has is for compensated absences, its lease liability, its obligation for other post-employment benefits, and its net pension liability. The net pension liability was \$2,249,019 at June 30, 2024, which is a decrease of \$1,147,301 from the previous year. The liability for compensated absences at June 30, 2024 was \$742,707. This represents an increase of \$64,286 from the previous year. The obligation for other post-employment benefits at June 30, 2024 was \$10,507,155. This represents a decrease of \$2,694,618 from the previous year. The Library also made principal payments of \$1,583 on its lease liability reducing the debt at June 30, 2024 to \$3,342.

Currently Known Conditions:

The anticipated tax revenues for the 2024-2025 fiscal year are \$9,459,591. This represents a 2.09% tax increase as compared to the 2023-2024 fiscal year budget.

**PATCHOGUE-MEDFORD LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024**

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
Assets:						
Cash and cash equivalents:						
Checking	\$ 195,540	\$ 1,001,892	\$ 388,615	\$ 1,586,047	\$	\$ 1,586,047
Money market	3,192,122			3,192,122		3,192,122
Petty cash	796			796		796
Total cash and cash equivalents	<u>3,388,458</u>	<u>1,001,892</u>	<u>388,615</u>	<u>4,778,965</u>	<u>0</u>	<u>4,778,965</u>
Grants receivable		70,818		70,818		70,818
Internal receivables	65,460			65,460	(65,460)	
Interest receivable	20,504			20,504		20,504
Prepaid expenses	89,043		55,000	144,043		144,043
Investment in certificates of deposit	1,590,134			1,590,134		1,590,134
Right to use assets, net of amortization					3,342	3,342
Capital assets, net of depreciation					10,946,404	10,946,404
Total Assets	<u>5,153,599</u>	<u>1,072,710</u>	<u>443,615</u>	<u>6,669,924</u>	<u>10,884,286</u>	<u>17,554,210</u>
Deferred Outflows of Resources:						
Deferred outflows on pension					1,842,049	1,842,049
Deferred outflows on OPEB					2,850,269	2,850,269
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,692,318</u>	<u>4,692,318</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,153,599</u>	<u>\$ 1,072,710</u>	<u>\$ 443,615</u>	<u>\$ 6,669,924</u>	<u>\$ 15,576,604</u>	<u>\$ 22,246,528</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, 2024

	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
Liabilities:						
Accounts payable	\$ 105,815	\$ 73,489	\$ 311	\$ 179,615	\$	\$ 179,615
Accrued payroll and related items	253,429			253,429		253,429
Accrued NYS retirement	154,504			154,504		154,504
Grants received in advance			50,140	50,140		50,140
Internal payables		22,296	43,164	65,460	(65,460)	
Non-current liabilities:						
Lease liability					3,342	3,342
Compensated absences					742,707	742,707
Net pension liability					2,249,019	2,249,019
Obligation for other post-employment benefits					10,507,155	10,507,155
Total Liabilities	513,748	95,785	93,615	703,148	13,436,763	14,139,911
Deferred Inflows of Resources:						
Deferred inflows on pension					1,380,277	1,380,277
Deferred inflows on OPEB					5,610,844	5,610,844
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	0	\$ 6,991,121	\$ 6,991,121

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, 2024

Fund Balances/Net Position:	General Fund	Capital Projects Fund	Central Library Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
Nonspendable - prepaid amounts	\$ 89,043	\$	\$	\$ 89,043	\$ (89,043)	\$
Committed for specific purposes	1,389,120	976,925		2,366,045	(2,366,045)	
Assigned for Central Library			350,000	350,000	(350,000)	
Assigned for 2024-2025 budget	92,305			92,305	(92,305)	
Unassigned	3,069,383			3,069,383	(3,069,383)	
Total Fund Balances	4,639,851	976,925	350,000	5,966,776	(5,966,776)	
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	\$ 5,153,599	\$ 1,072,710	\$ 443,615	\$ 6,669,924		
Net Position:						
Net investment in capital assets					10,946,404	10,946,404
Unrestricted					(9,830,908)	(9,830,908)
Total Net Position					\$ 1,115,496	\$ 1,115,496

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, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Central Library Fund</u>	<u>Total of Funds</u>	<u>Adjustments (Note 15)</u>	<u>Statement of Activities</u>
Revenues:						
Tax revenues	\$ 9,266,201	\$	\$	\$ 9,266,201	\$	\$ 9,266,201
Payments in lieu of taxes	63,554			63,554		63,554
Fines and fees	31,502			31,502		31,502
Interest income	151,393	12		151,405		151,405
Central Library Aid			358,143	358,143		358,143
Local Library Services Aid	15,379			15,379		15,379
Other grants, gifts and donations	<u>21,361</u>	<u>275,258</u>		<u>296,619</u>		<u>296,619</u>
Total Revenues	<u>9,549,390</u>	<u>275,270</u>	<u>358,143</u>	<u>10,182,803</u>	<u>0</u>	<u>10,182,803</u>
Expenditures/Expenses for						
Library Services:						
Salaries	5,100,554		163,637	5,264,191	59,717	5,323,908
Employee benefits	2,161,939		17,158	2,179,097	626,624	2,805,721
Library materials and programs	1,009,897		177,348	1,187,245		1,187,245
Library operations	403,801			403,801		403,801
Building operations	386,769	8,375		395,144		395,144
Capital outlay	182,912	1,158,124		1,341,036	(1,341,036)	
Depreciation					437,767	437,767
Amortization					1,583	1,583
Debt Service:						
Principal - lease	1,583			1,583	(1,583)	
Interest - lease	<u>37</u>			<u>37</u>		<u>37</u>
Total Expenditures/Expenses	<u>9,247,492</u>	<u>1,166,499</u>	<u>358,143</u>	<u>10,772,134</u>	<u>(216,928)</u>	<u>10,555,206</u>
Excess (Deficiency) Of Revenues Over Expenditures	301,898	(891,229)	0	(589,331)	216,928	
Other Financing Sources/Uses:						
Transfers- internal activities	<u>(1,000,414)</u>	<u>650,414</u>	<u>350,000</u>	<u>0</u>		
Excess (Deficiency) Of Revenues And Transfers Over Expenditures	(698,516)	(240,815)	350,000	(589,331)	<u>589,331</u>	
Change In Net Position					(372,403)	(372,403)
Fund balance/net position- beginning 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>
Fund Balance/Net Position- End Of The Year	<u>\$ 4,639,851</u>	<u>\$ 976,925</u>	<u>\$ 350,000</u>	<u>\$ 5,966,776</u>	<u>\$ (4,851,280)</u>	<u>\$ 1,115,496</u>

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

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024

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, 2024

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, 2024

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: **Investment in Certificates of Deposit**

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, 2024. 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, 2024. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2024 were determined based on:

	Quoted Prices		
	In Active	Significant	
	Markets For	Other	
	Identical	Observable	Total
	Assets	Inputs	Fair Market
	(Level 1)	(Level 2)	Value
Investment in Certificates of Deposit:			
FNBLI - maturing 4/4/25, yield 4.67%	\$ 0	\$ 535,026	\$ 535,026
M&T - maturing 1/21/25, yield 4.40%	0	1,055,108	1,055,108
Total Investment in Certificates of Deposit	\$ 0	\$ 1,590,134	\$ 1,590,134

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$6,368,303 (excludes petty cash) and the bank balance was \$6,639,396. Of the bank balance, \$1,000,000 was covered by federal depository insurance. The remaining balance of \$5,639,396 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, 2024:

	Balance as of 7/1/2023	Increases	Decreases	Balance as of 6/30/2024
Right to use assets:				
Leased postage machine	\$ 8,306	\$ 0	\$ 0	\$ 8,306
Less accumulated amortization for:				
Leased postage machine	(3,381)	(1,583)	0	(4,964)
Right to use assets, net	\$ 4,925	\$ (1,583)	\$ 0	\$ 3,342

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 7/1/2023	Additions	Adjustments & Deletions	Balance as of 6/30/2024
Assets not being depreciated:				
Costruction in progress	\$ 4,943,074	\$ 0	\$ (4,943,074)	\$ 0
Assets being depreciated:				
Building improvements	6,126,711	1,088,861	4,943,074	12,158,646
Furniture and equipment	4,305,119	252,175	0	4,557,294
Total	15,374,904	1,341,036	0	16,715,940
Accumulated depreciation	(5,331,769)	(437,767)	0	(5,769,536)
Net Book Value	\$ 10,043,135	\$ 903,269	\$ 0	\$ 10,946,404

NOTE 8: **Accounts Payable**

Accounts payable consisted of unpaid invoices at June 30, 2024.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2024:

	Balance			Balance	<u>Non-current liabilities</u>	
	7/1/2023	Increases	Reductions	6/30/2024	Due within	Due after
					one year	one year
Compensated absences	\$ 678,421	\$ 64,286	\$ 0	\$ 742,707	\$ 0	\$ 742,707
Net pension liability	3,396,320	0	1,147,301	2,249,019	0	2,249,019
Lease liability	4,925	0	1,583	3,342	1,597	1,745
Other post-employment benefits payable	13,201,773	0	2,694,618	10,507,155	0	10,507,155
	<u>\$ 17,281,439</u>	<u>\$ 64,286</u>	<u>\$ 3,843,502</u>	<u>\$ 13,502,223</u>	<u>\$ 1,597</u>	<u>\$ 13,500,626</u>

NOTE 10: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2024 for unused sick and vacation pay amounting to \$742,707. This is an increase of \$64,286 from the June 30, 2023 balance of \$678,421. 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 \$3,342 at June 30, 2024.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11: Lease Liability (Continued)

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2024, are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 1,597	\$ 23	\$ 1,620
2026	1,611	9	1,620
2027	134	1	135
Total	<u>\$ 3,342</u>	<u>\$ 33</u>	<u>\$ 3,375</u>

NOTE 12: Funds Committed for Specific Purposes

A summary of changes in designated funds for the year ending June 30, 2024 is as follows:

<u>Funds Committed For:</u>	<u>Balance as of 7/1/2023</u>	<u>Funds Committed (Uncommitted)</u>	<u>Funds Expended</u>	<u>Balance as of 6/30/2024</u>
General Fund:				
Retirement	\$ 217,962	\$ 0	\$ 0	\$ 217,962
Accrued benefits	220,763	0	(49,605)	171,158
Post-employment health benefits	1,000,000	0	0	1,000,000
Capital Projects Fund:				
Main floor renovation	201,281	0	0	201,281
Department improvement and maintenance	477,856	0	0	477,856
Roof project	276,722	(46,576)	0	230,146
Carnegie improvements	67,642	0	0	67,642
Total	<u>\$ 2,462,226</u>	<u>\$ (46,576)</u>	<u>\$ (49,605)</u>	<u>\$ 2,366,045</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, defined benefit pension plan. 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, 2024

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's compensation used in the final average salary calculation is limited to no more than 20 percent greater than 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'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, 2024

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.

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13: 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 retiree 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:** Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 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 \$503,390, for the 2023 fiscal year it was \$457,202, and for the 2022 fiscal year it was \$607,785.

- D. Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2024, the Library reported a liability of \$2,249,019 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the 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, 2024, the Library's proportion was 0.0152745 percent, which was a decrease of .0005636 percent from its proportion measured at June 30, 2023.

For the year ended June 30, 2024, the Library recognized pension expense of \$967,788.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the 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	\$ 724,407	\$ 61,325
Changes in assumptions	850,303	0
Net difference between projected and actual earnings on pension plan investments	0	1,098,634
Changes in proportion and differences between employer contributions and proportionate share of contributions	112,835	220,318
Library's contributions subsequent to the measurement date	<u>154,504</u>	<u>0</u>
Total	\$ <u><u>1,842,049</u></u>	\$ <u><u>1,380,277</u></u>

\$154,504 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 asset in the year ended June 30, 2025. 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>
2025	\$ (424,343)
2026	402,214
2027	601,525
2028	(272,128)
2029	<u>0</u>
Total	\$ <u><u>307,268</u></u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

- E. **Actuarial Assumptions:** The total pension liability at March 31, 2024 was determined by using a roll forward procedure to advance the liability calculated using System assumptions and member demographics from the actuarial valuation completed as of April 1, 2023. Economic assumptions used in the April 1, 2023 actuarial valuation include:

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%

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Opportunistic portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
Total	100.00%	

The real rate of return is net of the long-term inflation assumption of 2.9%

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 (asset).

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13: Retirement Plan (Continued)

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Library's proportionate share of the net pension (asset) liability	\$ 7,071,145	\$ 2,249,019	\$ (1,778,457)

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, 2024, in thousands of dollars was as follows:

	Total
Employers' total pension liability	\$ 240,696,851
Plan net position	<u>(225,972,801)</u>
Employers' net pension liability	<u>\$ 14,724,050</u>
Ratio of plan net position to the Employers' total pension liability	93.88%

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$360,332 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 \$148,820. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of July 1, 2023, the following employees were covered by the benefit terms:

Active employees	50
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	50
Total	<u>100</u>

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$10,507,155 was updated through June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

D. Actuarial Assumptions and Other Inputs:

Inflation	2.00%
Participant Salary Increases	3.50%
Discount Rate	3.93%
2023 Medical Trend Rates (Pre-65/Post-65)	8.00% / 5.00%
2024 Medical Trend Rates (Pre-65/Post-65)	7.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached	2029/2023

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2024.

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, 2023	\$ <u>13,201,773</u>
Changes for the year:	
Service cost	394,969
Interest	392,704
Changes in benefit terms	0
Differences between expected and actual experience	(2,695,191)
Changes in assumptions and other inputs	(377,286)
Benefit payments	<u>(409,814)</u>
Net changes	<u>(2,694,618)</u>
Balance at June 30, 2024	\$ <u><u>10,507,155</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 3.65% at June 30, 2023 and was 3.93% at June 30, 2024.

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 (2.93%) or 1 percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 12,197,349	\$ 10,507,155	\$ 9,136,341

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (6.50% decreasing to 4.00%) or 1 percentage point higher (8.50% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (6.50% Decreasing to 4.00%)	Healthcare Cost Trend Rates (7.50% Decreasing to 5.00%)	1% Increase (8.50% Decreasing to 6.00%)
Total OPEB Liability	\$ 8,833,527	\$ 10,507,155	\$ 12,718,695

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the Library recognized OPEB expense of \$595,574. At June 30, 2024, 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	\$ 2,442,023	\$ 2,674,714
Changes in assumptions	<u>408,246</u>	<u>2,936,130</u>
Total	\$ <u><u>2,850,269</u></u>	\$ <u><u>5,610,844</u></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>
2025	\$ (286,140)
2026	(365,610)
2027	(378,781)
2028	(382,557)
2029	(382,531)
Thereafter	<u>(964,956)</u>
Total	\$ <u><u>(2,760,575)</u></u>

**PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 \$ 5,966,776

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

- Capital assets are not financial resources for fund accounting 10,946,404
- Right to use assets are not financial resources, and are not reported in the funds 3,342
- Deferred outflows on pension is not reported in the funds 1,842,049
- Deferred outflows on OPEB is not reported in the funds 2,850,269
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (10,507,155)
- Net pension liability is not included in the funds (2,249,019)
- Deferred inflows on pension is not reported in the funds (1,380,277)
- Deferred inflows on OPEB is not reported in the funds (5,610,844)
- Lease liability payments due in future periods are not reported in the funds (3,342)
- Compensated absences to be paid in future periods are not included as a liability in the funds (742,707)

Total Net Position - Full Accrual Basis \$ 1,115,496

PATCHOGUE-MEDFORD LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Net Change in Fund Balance - Modified Accrual Basis **\$ (589,331)**

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	1,341,036
Depreciation expense	(437,767)
Amortization expense	(1,583)

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

Compensated absences	(64,286)
Net pension expenses	(436,295)
Post-employment health costs	(185,760)

- The payment of principal on the lease liability is not an expense in the statement of activities, rather a reduction of the liability 1,583

Change in Net Position - Full Accrual Basis **\$ (372,403)**

PATCHOGUE-MEDFORD LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	\$ 9,265,770	\$ 9,265,770	\$ 9,266,201	\$ 431
Operating Revenue:				
Fines and fees	15,000	15,000	31,502	16,502
Payments in lieu of taxes	12,000	12,000	63,554	51,554
Interest income	5,500	5,500	151,393	145,893
Local Library Services Aid	15,000	15,000	15,379	379
Other grants and aid	0	0	1,052	1,052
Gifts and donations	0	0	7,837	7,837
Insurance proceeds	0	0	3,771	3,771
Miscellaneous income	0	0	8,701	8,701
Total Operating Revenue	<u>47,500</u>	<u>47,500</u>	<u>283,189</u>	<u>235,689</u>
Non-Operating Revenue:				
Transfer from unappropriated fund balance	<u>110,887</u>	<u>110,887</u>	<u>0</u>	<u>(110,887)</u>
Total Revenues	<u>\$ 9,424,157</u>	<u>\$ 9,424,157</u>	<u>\$ 9,549,390</u>	<u>\$ 125,233</u>
Expenditures:				
Salaries:				
Professional	\$ 2,599,371	\$ 2,599,371	\$ 2,434,442	\$ 164,929
Clerical	1,616,734	1,616,734	1,831,075	(214,341)
Page	467,978	467,978	358,326	109,652
Custodial	241,234	241,234	218,323	22,911
Security	273,707	273,707	258,388	15,319
Total Salaries	<u>\$ 5,199,024</u>	<u>\$ 5,199,024</u>	<u>\$ 5,100,554</u>	<u>\$ 98,470</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, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Employee Benefits:				
Social Security	\$ 387,600	\$ 387,600	\$ 390,876	\$ (3,276)
Health insurance	994,500	994,500	1,184,245	(189,745)
N.Y.S. retirement	637,500	637,500	532,047	105,453
Workers' compensation	58,218	58,218	49,909	8,309
Unemployment insurance	10,200	10,200	0	10,200
Disability insurance	7,500	7,500	4,862	2,638
Total Employee Benefits	<u>2,095,518</u>	<u>2,095,518</u>	<u>2,161,939</u>	<u>(66,421)</u>
Library Materials and Programs:				
Books, periodicals and other library materials	689,639	689,639	620,166	69,473
Library and office supplies	47,940	47,940	51,570	(3,630)
Programs	288,442	288,442	251,292	37,150
Cooperative services	100,000	100,000	86,869	13,131
Total Library Materials and Programs	<u>1,126,021</u>	<u>1,126,021</u>	<u>1,009,897</u>	<u>116,124</u>
Library Operations:				
Telecommunications	56,100	56,100	45,230	10,870
Postage	15,300	15,300	21,514	(6,214)
Printing and public relations	42,840	42,840	48,698	(5,858)
Staff development	25,400	25,400	27,536	(2,136)
Mileage reimbursement	2,550	2,550	1,550	1,000
Computer services	83,864	83,864	102,058	(18,194)
Professional fees - legal	17,850	17,850	54,362	(36,512)
Professional fees - payroll	27,540	27,540	23,469	4,071
Professional fees - auditing and accounting	20,400	20,400	24,183	(3,783)
Professional fees - Treasurer	5,100	5,100	4,980	120
Consulting services	10,200	10,200	4,850	5,350
Maintenance and repair - library equipment	30,600	30,600	16,299	14,301
Minor furniture and equipment	12,240	12,240	16,725	(4,485)
Minor computer equipment and peripherals	10,200	10,200	12,081	(1,881)
Miscellaneous	500	500	266	234
Total Library Operations	<u>\$ 360,684</u>	<u>\$ 360,684</u>	<u>\$ 403,801</u>	<u>\$ (43,117)</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, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Building Operations:				
Utilities - electric	\$ 102,000	\$ 102,000	\$ 96,235	\$ 5,765
Utilities - water	4,570	4,570	3,690	880
Utilities - fuel	25,500	25,500	22,288	3,212
Insurance	119,120	119,120	64,614	54,506
Maintenance and repair - building equipment	102,000	102,000	104,294	(2,294)
Sewer assessment	25,500	25,500	26,438	(938)
Custodial supplies	15,300	15,300	15,719	(419)
Outside custodial services/sanitation	65,280	65,280	53,491	11,789
Total Building Operations	<u>459,270</u>	<u>459,270</u>	<u>386,769</u>	<u>72,501</u>
Capital Outlay:				
Building improvements	0	0	88,258	(88,258)
Furniture and equipment	142,840	142,840	38,213	104,627
Computer equipment	40,800	40,800	56,441	(15,641)
Total Capital Outlay	<u>183,640</u>	<u>183,640</u>	<u>182,912</u>	<u>728</u>
Debt Service:				
Principal - lease			1,583	
Interest - lease			37	
Total Debt Service	<u>0</u>	<u>0</u>	<u>1,620</u>	<u>(1,620)</u>
Total Expenditures	<u>9,424,157</u>	<u>9,424,157</u>	<u>9,247,492</u>	<u>176,665</u>
Excess of Revenues Over Expenditures	0	0	301,898	301,898
Other Financing Sources (Uses):				
Transfer to CLA Fund	0	0	(350,000)	(350,000)
Transfer to Capital Projects Fund	0	0	(650,414)	(650,414)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(1,000,414)</u>	<u>(1,000,414)</u>
Excess of Expenditures And Other Financing Uses Over Revenues	0	0	(698,516)	(698,516)
Budgetary fund balance - beginning of year	<u>5,338,367</u>	<u>5,338,367</u>	<u>5,338,367</u>	<u>5,338,367</u>
Budgetary Fund Balance - End Of Year	<u>\$ 5,338,367</u>	<u>\$ 5,338,367</u>	<u>\$ 4,639,851</u>	<u>\$ 4,639,851</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 2024 FISCAL YEAR**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.01527%	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)	\$2,249,019	\$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	\$4,027,787	\$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	55.838%	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	93.88%	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 2024 FISCAL YEAR

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 503,390	\$ 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	503,390	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	\$ 0
Library's covered-employee payroll	\$ 4,027,787	\$ 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	12.50%	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

	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 394,969	\$ 402,030	\$ 582,237	\$ 405,227	\$ 289,387	\$ 301,506	\$ 317,090
Interest	392,704	466,956	345,538	274,225	352,307	411,274	385,081
Changes of benefit terms	0	0	0	0	0	0	0
Differences between expected and actual experience	(2,695,191)	0	3,965,114	0	(1,725,146)	0	0
Changes in assumptions or other inputs	(377,286)	(214,226)	(3,966,176)	98,168	2,210,471	594,266	(452,115)
Benefit payments	(409,814)	(479,427)	(481,729)	(396,503)	(372,517)	(370,350)	(357,414)
Net Change in total OPEB liability	(2,694,618)	175,333	444,984	381,117	754,502	936,696	(107,358)
Total OPEB liability- beginning	13,201,773	13,026,440	12,581,456	12,200,339	11,445,837	10,509,141	10,616,499
Total OPEB liability- ending	<u>\$ 10,507,155</u>	<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	\$ 3,663,832	\$ 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	286.78%	409.46%	414.13%	531.48%	528.27%	503.64%	473.99%
Notes to schedule:							
Assumption changes:							
Discount rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2021	MP-2021	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	8.0% down to 5.0%	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	None

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