

PORT JEFFERSON FREE LIBRARY

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION**

JUNE 30, 2016

PORT JEFFERSON FREE LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Port Jefferson Free Library
100 Thompson Street
Port Jefferson, New York 11777

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Port Jefferson Free Library as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

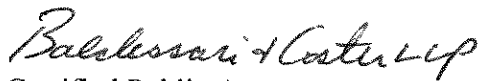
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Port Jefferson Free Library, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of funding progress for the retiree health plan on pages 5 through 9 and 31 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Stewart Manor, New York
October 21, 2016

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 three 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, <u>2016</u>	June 30, <u>2015</u>	Increase (Decrease)
Assets:			
Current assets	\$ 5,453	\$ 4,908	\$ 545
Capital assets	<u>2,059</u>	<u>2,046</u>	<u>13</u>
Total Assets	<u>7,512</u>	<u>6,954</u>	<u>558</u>
Deferred Outflows of Resources	<u>926</u>	<u>49</u>	<u>877</u>
Liabilities:			
Long-term debt	2,602	1,615	987
Other liabilities	<u>162</u>	<u>164</u>	<u>(2)</u>
Total Liabilities	<u>2,764</u>	<u>1,779</u>	<u>985</u>
Deferred Inflows of Resources	<u>157</u>	<u>27</u>	<u>130</u>
Net Position:			
Net investment in capital assets	2,059	2,046	13
Restricted	1	1	0
Unrestricted	<u>3,457</u>	<u>3,150</u>	<u>307</u>
Total Net Position	<u>\$ 5,517</u>	<u>\$ 5,197</u>	<u>\$ 320</u>
Revenue:			
District taxes	\$ 3,001	\$ 2,949	\$ 52
Contract services	1,237	1,168	69
Other revenue	<u>198</u>	<u>188</u>	<u>10</u>
Total Revenue	4,436	4,305	131
Expenses - Library Services	<u>4,116</u>	<u>3,868</u>	<u>248</u>
Change in net position	320	437	(117)
Net Position - beginning of year	<u>5,197</u>	<u>4,760</u>	<u>437</u>
Net position - End of Year	<u>\$ 5,517</u>	<u>\$ 5,197</u>	<u>\$ 320</u>

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

The Library As A Whole

- The Library's net assets increased by \$319,800 this year. This was the result of lower spending than anticipated. The explanations for many of the budgetary variances are explained in the "Library Funds" section below.
- The Library's primary source of revenue is contract services (non-resident fees) and property taxes. Revenue from contract services represented 28 percent of total revenue, and property taxes represented 68 percent of total revenue. In the prior year these revenue items represented 27 percent and 68 percent of total revenue respectively.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 76 percent of the Library's total expenses. These expenses totaled \$3,127,834 for the year ending June 30, 2016 versus \$2,842,394 for the year ending June 30, 2015.

The Library Funds:

Our analyses of the Library's funds are included in the first three columns of pages 10 and 11 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 and the Capital Fund.

The fund balance of the General Fund increased during the year from \$4,578,827 to \$4,910,610. This is primarily the result of the budgetary highlights described below. The fund balance of the Capital Fund increased during the year from \$165,208 to \$380,723.

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 \$105,017 favorable budget variance for operating revenue. The majority of this variance was primarily due to the fact that each year the library contracts with the Miller Place and Mt. Sinai Districts to provide services to patrons of those districts who wish to enroll at the Library. The Library budgeted for contract revenue at amounts similar to those of the prior year. However, due to increases over the past few years in the patron base, \$76,898 more in contract revenue was received than had been anticipated.
- The favorable budget variance for state aid and other grants was due to the unanticipated receipt of additional State aid. The Library budgets conservatively for this aid because it is not a guaranteed source of income.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The favorable budget variance for program revenues of \$11,057 was due to hosting more bus trips than anticipated. In addition, programs such as robotics brought in higher programming fees.
- Although there were favorable and unfavorable variances within specific salaries and wages budget lines, overall they offset one another and the budget section was only underspent by \$459 or 0.02%. It is difficult to budget on an individual salary line basis because of staff transitioning in and out of employment with the Library, the changing of staff titles during the year and the allocation of staff depending upon the changing needs of the Library. For example, with the purchase of the 205 E. Main Street property, more custodial hours were required for upkeep and maintenance.
- The budget line for post-retirement health was underspent by \$160,236. The Library included this line in their budget as a mechanism to address its long-term retiree medical insurance needs and to accumulate funds to offset future premium increases.
- The retirement budget line was underspent by \$64,657. This was the result of projecting an amount based on information provided by the New York State Retirement System approximately a year in advance of the billing. The actual amount billed was less than the original projection.
- The workers compensation budget line was underspent as a result of receiving premium audit refunds.
- The library materials and programs budget section was underspent \$48,928. The Library attributes this to: 1) a savings realized by purchasing non-print periodicals through a coordinated order offered by the Suffolk Cooperative Library System, 2) increased demand for materials in an electronic format has reduced the demand for materials to be duplicated in the print format, and 3) demand for audio/visual materials such as DVD's and CD's have decreased because most patrons have the ability to stream movies and music over their internet connections.
- The budget line for publicity and printing was underspent because the Library has consolidated their social media presence service which has decreased costs. In addition, the Library is doing more in-house printing as opposed to sending items out to a printer, which has reduced costs.
- The budget line for conference and travel was underspent because the staff have been attending more local events and seminars. Local, in-state events are generally cheaper and air travel is not required.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The budget line for professional fees and dues was underspent by \$23,138. The Library attributes this to the fact that website fees were less expensive than anticipated and additional museum passes that had been budgeted for, were not purchased.
- The budget line for utilities was underspent by \$17,698. This was due to the installation of a new energy efficient HVAC system and a modernized thermostat which helped to reduce utility costs.
- The budget line for building and grounds repair/improvement was underspent by \$29,262. The Library had budgeted for various building improvements, such as HVAC replacement which, for financial statement purposes, were required to be reclassified to the capital outlay budget section.
- In total, the capital outlay budget section was overspent by \$17,580. The building improvements budget line was overspent because of the reclassification of the HVAC replacement mentioned above. Whereas, expenditures for equipment, furniture and fixtures were reduced.

Capital Assets and Debt Administration:

During the fiscal year ending June 30, 2016 the Library purchased \$114,410 of fixed assets (capital outlay). Some of these expenditures (\$34,116) were paid from the Capital Fund and related to planning costs related to the construction on the property adjacent to the Library. The remaining purchases were for a variety of items such as computer equipment, the HVAC replacement, furniture and fixtures.

The only long term debt that the Library has is to its employees for compensated absences, its net pension liability and its obligation for other post-employment benefits. The liability for compensated absences at June 30, 2016 was \$99,090. This represents a decrease of \$42,195 from the previous year. The net pension liability at June 30, 2016 was \$1,070,352. This represents an increase of \$832,260 from the previous year. The obligation for other post-employment benefits at June 30, 2016 was \$1,432,207. This represents an increase of \$196,745 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2016-2017 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$3,000,810. This will remain the same as 2015-2016 fiscal year budget.

**PORT JEFFERSON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Net Position</u>
Assets:					
Cash and cash equivalents	\$ 4,664,329	\$ 383,686	\$ 5,048,015	\$	\$ 5,048,015
Prepaid expenses	37,913	2,695	40,608		40,608
Contract services receivable	361,100		361,100		361,100
Internal receivables	1,458		1,458	(1,458)	
Other assets	3,717		3,717		3,717
Capital assets, net of depreciation				2,058,519	2,058,519
Total Assets	<u>5,068,517</u>	<u>386,381</u>	<u>5,454,898</u>	<u>2,057,061</u>	<u>7,511,959</u>
Deferred Outflows of Resources:					
Deferred outflow on pension				925,831	925,831
Total Assets and Deferred Outflows of Resources	<u>\$ 5,068,517</u>	<u>\$ 386,381</u>	<u>\$ 5,454,898</u>	<u>\$ 2,982,892</u>	<u>\$ 8,437,790</u>
Liabilities:					
Accounts payable	\$ 41,269	\$ 4,200	\$ 45,469	\$	\$ 45,469
Accrued payroll and taxes payable	116,638		116,638		116,638
Internal payables		1,458	1,458	(1,458)	
Non-current liabilities:					
Compensated absences payable				99,090	99,090
Net pension liability				1,070,352	1,070,352
Obligation for other post-employment benefits				1,432,207	1,432,207
Total Liabilities	<u>157,907</u>	<u>5,658</u>	<u>163,565</u>	<u>2,600,191</u>	<u>2,763,756</u>
Deferred Inflows of Resources:					
Deferred inflow on pension				157,217	157,217
Fund Balances/Net Position:					
Nonspendable (prepaid expenses)	37,913	2,695	40,608	(40,608)	
Restricted for permanent endowment	1,000		1,000	(1,000)	
Committed for specific purposes	2,962,081		2,962,081	(2,962,081)	
Assigned for capital projects		378,028	378,028	(378,028)	
Unassigned	1,909,616		1,909,616	(1,909,616)	
Total Fund Balance	<u>4,910,610</u>	<u>380,723</u>	<u>5,291,333</u>	<u>(5,291,333)</u>	
Total Liabilities, Deferred Inflows of Resources And Fund Balances	<u>\$ 5,068,517</u>	<u>\$ 386,381</u>	<u>\$ 5,454,898</u>		
Net Position:					
Net investment in capital assets				2,058,519	2,058,519
Restricted for permanent endowment				1,000	1,000
Unrestricted				3,457,298	3,457,298
Total Net Position				<u>\$ 5,516,817</u>	<u>\$ 5,516,817</u>

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

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PORT JEFFERSON FREE LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Activities</u>
Revenues:					
Tax revenues	\$ 3,000,810	\$	\$ 3,000,810	\$	\$ 3,000,810
Payments in lieu of taxes	116,398		116,398		116,398
Contract services	1,236,674		1,236,674		1,236,674
State aid and other grants	16,067		16,067		16,067
Fines	9,021		9,021		9,021
Lost and damaged materials	5,600		5,600		5,600
Copier revenue	6,317		6,317		6,317
Interest income	9,179	35	9,214		9,214
E-rate	4,781		4,781		4,781
Gifts and donations	3,077		3,077		3,077
Programs	23,257		23,257		23,257
Refund of prior year expense	1,756		1,756		1,756
Miscellaneous revenue	2,693		2,693		2,693
Total Revenues	<u>4,435,630</u>	<u>35</u>	<u>4,435,665</u>	<u>0</u>	<u>4,435,665</u>
Expenditures/Expenses For					
Library Services:					
Salaries and wages	2,045,775		2,045,775	(39,197)	2,006,578
Employee benefits	841,685		841,685	279,571	1,121,256
Library materials and programs	498,273		498,273		498,273
Library operations	181,960	7,705	189,665		189,665
Building operations	198,559		198,559		198,559
Capital outlay	80,294	34,116	114,410	(114,410)	
Depreciation				101,534	101,534
Total Expenditures/Expenses	<u>3,846,546</u>	<u>41,821</u>	<u>3,888,367</u>	<u>227,498</u>	<u>4,115,865</u>
Excess (Deficiency) Of Revenues Over Expenditures	589,084	(41,786)	547,298	(227,498)	
Other Financing Sources/Uses:					
Transfers- internal activities	<u>(257,301)</u>	<u>257,301</u>	<u>0</u>		
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	331,783	215,515	547,298	<u>(547,298)</u>	
Change In Net Position				319,800	319,800
Fund balance/Net Position- beginning of the year	<u>4,578,827</u>	<u>165,208</u>	<u>4,744,035</u>	<u>452,982</u>	<u>5,197,017</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 4,910,610</u>	<u>\$ 380,723</u>	<u>\$ 5,291,333</u>	<u>\$ 225,484</u>	<u>\$ 5,516,817</u>

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

BALDESSARI & COSTER LLP

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Port Jefferson Free 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 Port Jefferson Free Library coordinates the raising of its real estate tax revenues with the Port Jefferson Union Free School District #6. 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 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 is reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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. 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 patrons. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

Capital Fund: This fund is used to account for resources devoted to the construction and renovation of the Library.

C. **Budgetary Accounting:** Formal budgetary accounting is employed as a management control of the general fund. Expenditures are compared to actual results in the report.

D. **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 expenditures that the Library must account for in other funds in accordance with budgetary authorizations.

E. **Tax Status:** The Library qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and accordingly there is no provision for income taxes.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: Summary of Significant Accounting Policies (Continued)

- F. 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.

- G. 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.
- H. 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.

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PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

- I. **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, obligations of the United States of America and the State of New York.
- J. **Capital Assets:** Capital assets are defined by the Library as assets with an initial cost of \$500 or more 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 are 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 and fixtures	7 years
Building and improvements	40 years
Leasehold improvements	life of lease (5 years)

NOTE 2: **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

NOTE 3: **Concentration of Credit Risk**

The Library maintains all of its cash balances at one bank. At fiscal year end, the Library's carrying amount of deposits was \$5,047,715 (excludes petty cash) and the bank balance was \$5,212,302. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance of \$4,712,302 was covered by collateral held by the Library's agent.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: Capital Assets

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

	Balance as of 7/1/2015	Additions	Deletions	Balance as of 6/30/2016
Assets not being depreciated:				
Fine arts	\$ 1,475	\$ 0	\$ 0	\$ 1,475
Land	501,146	0	0	501,146
Other capital assets:				
Construction in progress	0	32,100	0	32,100
Computer equipment	219,204	17,683	(2,997)	233,890
Other equipment	334,014	22,339	0	356,353
Furniture and fixtures	442,949	10,688	(3,633)	450,004
Leasehold improvements	74,555	0	0	74,555
Building and building improvements	2,928,121	31,600	0	2,959,721
Total	4,501,464	114,410	(6,630)	4,609,244
Accumulated depreciation	(2,455,821)	(101,534)	6,630	(2,550,725)
Net Book Value	\$ 2,045,643	\$ 12,876	\$ 0	\$ 2,058,519

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2016.

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2016 for unused sick and vacation pay amounting to \$99,090. This represents a decrease of \$42,195 from the previous year. No portion of this liability is expected to be paid out during the next twelve months.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: Long Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	<u>Balance</u>			<u>Balance</u>	<u>Non-current liabilities</u>	
	<u>7/1/2015</u>	<u>Increases</u>	<u>Reductions</u>	<u>6/30/2016</u>	<u>Due within</u>	<u>Due after</u>
					<u>one year</u>	<u>one year</u>
Compensated absences	\$ 141,285	\$ 0	\$ 42,195	\$ 99,090	\$ 0	\$ 99,090
Net pension liability	238,092	832,260	0	1,070,352	0	1,070,352
Other post-employment benefits payable	1,235,462	196,745	0	1,432,207	0	1,432,207
	<u>\$ 1,614,839</u>	<u>\$ 1,029,005</u>	<u>\$ 42,195</u>	<u>\$ 2,601,649</u>	<u>\$ 0</u>	<u>\$ 2,601,649</u>

NOTE 8: Retirement Plan

- A. **Plan Description and Benefits Provided:** The Port Jefferson Free 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, 2014, he was elected for a new term commencing January 1, 2015. 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 Port Jefferson Free Library also participates in the Public Employees' Group Term Life Insurance plan (GTLI), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: Retirement Plan (Continued)

B. Contributions: The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. 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 \$287,294, for the 2015 fiscal year it was \$311,343 and for the 2014 fiscal year it was \$364,907.

C. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: At June 30, 2016, the Port Jefferson Free Library reported a liability of \$1,070,352 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Jefferson Free Library's proportion of the net pension liability was based on a projection of the Port Jefferson Free 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, 2016, the Port Jefferson Free Library's proportion was 0.0066687 percent, which was a decrease of .0003791 percent from its proportion measured at June 30, 2015.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: **Retirement Plan (Continued)**

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

For the year ended June 30, 2016, the Port Jefferson Free Library recognized pension expense of \$373,119. At June 30, 2016, the Port Jefferson Free 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>
Difference between expected and actual experience \$	5,409	\$ 126,872
Changes in assumptions	285,431	0
Net difference between projected and actual investment earnings on pension plan investments	634,991	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	30,345
Library's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 925,831</u>	<u>\$ 157,217</u>

\$0 reported as deferred outflows of resources related to pensions resulting from Port Jefferson Free Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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>
2017	\$ 193,375
2018	193,375
2019	193,375
2020	188,489
2021	<u>0</u>
Total	<u>\$ 768,614</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: Retirement Plan (Continued)

- D. Actuarial Assumptions:** The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Investment Rate of Return	7.00%
Salary Scale	3.80%
Inflation Rate	2.50%
Cost of Living Adjustments	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: Retirement Plan (Continued)

D. Actuarial Assumptions: (Continued)

Long Term Expected Rate of Return 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	100.00%	

Discount Rate – The discount rate used to calculate the total pension liability was 7.0%. 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. Based upon the 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.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: Retirement Plan (Continued)

D. Actuarial Assumptions: (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – The following presents the Port Jefferson Free Library's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Port Jefferson Free Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Library's proportionate share of the net pension liability	\$ 2,413,565	\$ 1,070,352	\$ (64,606)

Pension plan fiduciary net position – The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2016, in thousands of dollars was as follows:

	Total
Employers' total pension liability	\$ 172,303,544
Plan net position	<u>(156,253,265)</u>
Employers' net pension liability	<u>\$ 16,050,279</u>
Ratio of plan net position to the Employers' total pension liability	90.7%

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: 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 Port Jefferson Free 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. Funding Policy:** Contribution requirements are determined by the Library Board. Currently, for full-time employees hired prior to July 1, 2002, the Library will pay 100% of the amount for a retiree's individual policy premium and 75% of the additional cost of a family policy premium. For full-time employees hired on or after July 1, 2002, the Library will pay 90% of the amount for a retiree's individual policy premium and 75% of the additional cost of a family policy premium.

For the year ending June 30, 2016, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$129,139 as an expenditure in the General Fund. Port Jefferson Free Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$10,110. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

The calculation of the liability was based upon the 2015 annual medical premiums of:

		<u>Individual</u>	<u>Family</u>	<u>Family With Two Medicare Participants</u>	<u>Family With One Medicare Participant</u>
Empire	\$	9,661	\$ 21,706		
Empire Medicare	\$	4,822		\$ 12,030	\$ 16,868

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: Post-employment Benefits Other Than Pensions (Continued)

- C. Annual OPEB Cost and Net OPEB Obligation:** The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the "annual required contribution of the employer (ARC). The Library has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library's net OPEB obligation to the Retiree Health Plan:

Annual required contribution & OPEB cost	\$ 348,201
Interest on net OPEB obligation	49,418
Adjustment to annual required contribution	<u>(60,870)</u>
Annual OPEB cost (expense)	336,749
Contributions made	<u>(140,004)</u>
Increase in net OPEB obligation	196,745
Net OPEB obligation - beginning of year	<u>1,235,462</u>
Net OPEB obligation - end of year	<u><u>\$ 1,432,207</u></u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2014, 2015 and 2016 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % Of Pay</u>
6/30/2014	\$ 277,444	43.7%	\$ 1,075,226	\$ 1,241,099	22.4%
6/30/2015	\$ 290,875	44.9%	\$ 1,235,462	\$ 1,272,126	22.9%
6/30/2016	\$ 336,749	41.6%	\$ 1,432,207	\$ 1,134,788	29.7%

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: Post-employment Benefits Other Than Pensions (Continued)

- D. Funded Status and Funded Progress:** As of June 30, 2016, the actuarial accrued liability for benefits, based upon the valuation date of July 1, 2015 was \$3,940,713, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,134,788, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 347.3 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information as time passes about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

- E. Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Funding interest rate – An interest rate of 4% was used.

Mortality – Life expectancies were based on the RP2014 Mortality Table with sex distinct rates and with generational mortality improvements projected using the MP-2014 table projection rates.

Participation rate – It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: Post-employment Benefits Other Than Pensions (Continued)

E. Methods and Assumptions: (Continued)

Retirement rates:

<u>Age</u>	<u>Rate</u>
55-59	3.0%
60-64	9.0%
65-69	12.0%
70-79	20.0%
80+	100.0%

Termination rates – The following rates from Table 1, paragraph 35 of Government Accounting Standard no. 45 were used:

<u>Age</u>	<u>Rate</u>
20	7.79%
25	6.78%
30	4.66%
35	3.19%
40	2.21%
45	1.59%
50+	0.00%

Healthcare cost trend rates – It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Pre-65 Rates</u>	<u>Post-65 Rates</u>
2015	9.0%	5.0%
2016	8.0%	5.0%
2017	7.0%	5.0%
2018	6.0%	5.0%
2019+	5.0%	5.0%

Participant salary increases – 3.25% annually.

Payroll growth rate – 2.50% annually.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: Post-employment Benefits Other Than Pensions (Continued)

E. Methods and Assumptions: (Continued)

Percent married – It was assumed that 65% of the male and 25% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Actuarial value of assets – N/A

Per capita claims cost – Are based on the premium levels of the plan provisions in section III. The premiums paid by the Library are independent of the Library's experience and demographic profile, and are expected to change consistent with a community rated plan. Thus, we have applied the premiums with no additional adjustments other than future trend increases.

Administrative expenses – \$25.37 per enrollee per year.

Actuarial Cost Method – An actuarial cost method develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Normal Cost Method is used in this valuation. Under this method, the Actuarial Present value of Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between hire age and assumed exit age(s). The portion of the Actuarial Present Value allocated to the valuation year is called the Normal Cost. The portion of the Actuarial Present Value not provided for as of the valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The amortization of the unfunded actuarial accrued liability has been determined as a level percentage of the projected payroll of active plan members. At each valuation, a new amortization base is created equal to the excess of the unfunded actuarial accrued liability over the remaining balances of prior amortization bases. The new base is amortized over 30 years. The equivalent single amortization period for all components combined may not exceed the maximum acceptable period of 30 years.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10: Funds Committed For Specific Purposes

A summary of changes in designated funds for the fiscal year ending June 30, 2016 is as follows:

	Balance as of 7/1/2015	Funds Committed (Uncommitted)	Funds Received (Expended)	Balance as of 6/30/2016
Funds Committed For:				
Computers	\$ 91,055	\$ 0	\$ 0	\$ 91,055
Special projects	266,716	0	0	266,716
Budget stabilization fund	840,071	0	0	840,071
Retirement	134,112	0	0	134,112
Roof repair	85,000	0	0	85,000
Building and grounds	170,000	0	0	170,000
Compensated absences	139,665	0	0	139,665
Other post-employment benefits	<u>1,075,226</u>	<u>160,236</u>	<u>0</u>	<u>1,235,462</u>
Total	<u>\$ 2,801,845</u>	<u>\$ 160,236</u>	<u>\$ 0</u>	<u>\$ 2,962,081</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11: Commitments and Contingencies

The Library leases several pieces of office equipment as well additional Library space at 150 East Main Street in Port Jefferson. The lease for space was originally signed during 2006 and was for five years. In August 2012, an agreement was signed to extend the lease term for four years. Most recently, in July 2016, the Library chose to extend the lease again through October 31, 2018. The minimum monthly rental commitment increases from \$3,555 to \$3,643 over the lease term. In addition the Library is required to pay, as additional rent, an amount equal to 33% of any real estate tax increase. For the fiscal year ending June 30, 2016 the Library made rental payments for the equipment of \$14,014 and for the space at 150 East Main Street of \$41,275.

The future minimum lease commitments are detailed as follows:

<u>Year Ending June 30,</u>	<u>Office Equipment</u>	<u>150 East Main Street</u>	<u>Total Minimum Commitment</u>
2017	\$ 10,962	\$ 42,307	\$ 53,269
2018	10,962	43,365	54,327
2019	4,568	14,573	19,141
2020	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 26,492</u>	<u>\$ 100,245</u>	<u>\$ 126,737</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: 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 \$ 5,291,333
Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds 2,058,519
- Deferred outflow on pension is not reported in the funds 925,831
- Compensated absences are included as a liability (99,090)
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (1,432,207)
- Net pension liability is not included in the funds (1,070,352)
- Deferred inflow on pension is not reported in the funds (157,217)

Total Net Position - Full Accrual Basis \$ 5,516,817

Net Change in Fund Balance - Modified Accrual Basis \$ 547,298
Amounts reported in the statement of activities are different because:

- Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:
 - Capital outlay 114,410
 - Depreciation expense (101,534)
- (Increase)/decrease in the accruals for items reported as expenditures in the statements of activities, not in the fund statements:
 - Compensated absences 42,195
 - Post-employment health costs (196,745)
 - Net pension expenses (85,824)

Change In Net Position - Full Accrual Basis \$ 319,800

PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Related Items:				
Tax revenues	\$ 3,000,810	\$ 3,000,810	\$ 3,000,810	\$ 0
Payments in lieu of taxes	115,241	115,241	116,398	1,157
Total Tax Related Items	<u>3,116,051</u>	<u>3,116,051</u>	<u>3,117,208</u>	<u>1,157</u>
Operating Revenue:				
Contract services	1,159,776	1,159,776	1,236,674	76,898
State aid and other grants	9,978	9,978	16,067	6,089
Fines	10,400	10,400	9,021	(1,379)
Lost and damaged materials	4,453	4,453	5,600	1,147
Copier revenue	4,740	4,740	6,317	1,577
Interest income	6,900	6,900	9,179	2,279
E-rate	4,715	4,715	4,781	66
Gifts and donations	1,400	1,400	3,077	1,677
Programs	12,200	12,200	23,257	11,057
Refund of prior year expense	0	0	1,756	1,756
Miscellaneous	0	0	2,693	2,693
Total Operating Revenue	<u>1,214,562</u>	<u>1,214,562</u>	<u>1,318,422</u>	<u>103,860</u>
Transfer From Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 4,330,613</u>	<u>\$ 4,330,613</u>	<u>\$ 4,435,630</u>	<u>\$ 105,017</u>

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

BALDESSARI & COSTER LLP

**PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 983,547	\$ 983,547	\$ 996,143	\$ (12,596)
Clerical	951,345	951,345	918,550	32,795
Custodial	85,481	85,481	106,217	(20,736)
Security	25,861	25,861	24,865	996
Total Salaries and Wages	<u>2,046,234</u>	<u>2,046,234</u>	<u>2,045,775</u>	<u>459</u>
Employee Benefits:				
Employee insurance benefits	378,872	378,872	378,457	415
Post-retirement health	160,236	160,236	0	160,236
Retirement	351,951	351,951	287,294	64,657
Payroll taxes	161,448	161,448	156,462	4,986
Workers compensation	31,353	31,353	19,472	11,881
Total Employee Benefits	<u>1,083,860</u>	<u>1,083,860</u>	<u>841,685</u>	<u>242,175</u>
Library Materials And Programs:				
Books	178,000	178,000	169,466	8,534
Audio/visual	90,025	90,025	84,467	5,558
Periodicals / print and non-print	40,425	40,425	15,117	25,308
Computer services / OPAC / basic service fee	117,561	117,561	108,114	9,447
Bindery	500	500	0	500
AV licenses	360	360	53	307
Programs and program supplies	120,330	120,330	121,056	(726)
Total Library Materials And Programs	<u>547,201</u>	<u>547,201</u>	<u>498,273</u>	<u>48,928</u>
Library Operations:				
Library and office supplies	42,750	42,750	39,277	3,473
Telecommunications	13,425	13,425	14,086	(661)
Postage and shipping	14,500	14,500	13,277	1,223
Publicity and printing	37,475	37,475	23,215	14,260
Conference and travel	12,630	12,630	5,456	7,174
Professional fees and dues	79,610	79,610	56,472	23,138
Library insurance	32,100	32,100	30,062	2,038
Miscellaneous	0	0	115	(115)
Total Library Operations	<u>\$ 232,490</u>	<u>\$ 232,490</u>	<u>\$ 181,960</u>	<u>\$ 50,530</u>

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

BALDESSARI & COSTER LLP

**PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Building Operations:				
Utilities	\$ 101,256	\$ 101,256	\$ 83,558	\$ 17,698
Building and grounds repair/improvement	49,250	49,250	19,988	29,262
Equipment rental and repair	19,680	19,680	14,235	5,445
Service contracts	17,068	17,068	13,433	3,635
Building maintenance	22,500	22,500	26,070	(3,570)
Rent - 150 East Main Street	41,360	41,360	41,275	85
Total Building Operations	<u>251,114</u>	<u>251,114</u>	<u>198,559</u>	<u>52,555</u>
Capital Outlay:				
Building improvements	0	0	31,600	(31,600)
Equipment, furniture and fixtures	62,714	62,714	48,694	14,020
Total Capital Outlay	<u>62,714</u>	<u>62,714</u>	<u>80,294</u>	<u>(17,580)</u>
Total Expenditures	<u>4,223,613</u>	<u>4,223,613</u>	<u>3,846,546</u>	<u>377,067</u>
Excess Of Revenues Over Expenditures	<u>107,000</u>	<u>107,000</u>	<u>589,084</u>	<u>482,084</u>
Other Financing Sources (Uses):				
Transfer to Capital Fund	<u>(107,000)</u>	<u>(107,000)</u>	<u>(257,301)</u>	<u>(150,301)</u>
Excess Of Revenues Over Expenditures And Other Financing Uses	<u>0</u>	<u>0</u>	<u>331,783</u>	<u>331,783</u>
Budgetary fund balance- beginning of year	<u>4,578,827</u>	<u>4,578,827</u>	<u>4,578,827</u>	<u>4,578,827</u>
Budgetary Fund Balance- End Of Year	<u>\$ 4,578,827</u>	<u>\$ 4,578,827</u>	<u>\$ 4,910,610</u>	<u>\$ 4,910,610</u>

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

BALDESSARI & COSTER LLP

**PORT JEFFERSON FREE LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2016 FISCAL YEAR****

	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	0.006669%	0.007048%
Library's proportionate share of the net pension liability (asset)	\$1,070,352	\$238,092
Library's covered-employee payroll	\$1,673,588	\$1,736,449
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.95553%	13.71143%
Plan fiduciary net position as a percentage of the total pension liability	90.68488%	97.94750%

** 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.

BALDESSARI & COSTER LLP

**PORT JEFFERSON FREE LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2016 FISCAL YEAR**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 287,294	311,343
Contributions in relation to the contractually required contribution	<u>287,294</u>	<u>311,343</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>
 Library's covered-employee payroll	 \$ 1,673,588	 1,736,449
Contributions as a percentage of covered-employee payroll	17.17%	17.93%

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

BALDESSARI & COSTER LLP

**PORT JEFFERSON FREE LIBRARY
SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (d)	UAAL as a percentage of Covered Payroll ((b -a) / d)
7/1/2009	\$ 0	\$ 3,080,073	\$ 3,080,073	0.0%	\$ 1,395,867	220.7%
7/1/2012	\$ 0	\$ 3,407,974	\$ 3,407,974	0.0%	\$ 1,210,828	281.5%
7/1/2015	\$ 0	\$ 3,940,713	\$ 3,940,713	0.0%	\$ 1,134,788	347.3%

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

BALDESSARI & COSTER LLP