PORT JEFFERSON FREE LIBRARY

FINANCIAL REPORT
WITH ADDITIONAL INFORMATION

JUNE 30, 2017

BALDESSARI & COSTER LLP

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, 2017, 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, 2017, 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.

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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 33 through 38 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.

Baldessari & Coster LLP

Certified Public Accountants
Stewart Manor, New York
November 13, 2017

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.

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, 2017	June 30, 2016	Increase (Decrease)
Assets:			
Current assets	$ 6,045	$ 5,453	$ 592
Capital assets	2,031	2,059	(28)
Total Assets	8,076	7,512	564
Deferred Outflows of Resources	409	926	(517)
Liabilities:			
Long-term debt	2,418	2,602	(184)
Other liabilities	99	162	(63)
Total Liabilities	2,517	2,764	(247)
Deferred Inflows of Resources	120	157	(37)
Net Position:			
Net investment in capital assets	2,031	2,059	(28)
Restricted	1	1	0
Unrestricted	3,816	3,457	359
Total Net Position	$ 5,848	$ 5,517	$ 331
Revenue:			
District taxes	$ 3,001	$ 3,001	$ 0
Contract services	1,265	1,237	28
Other revenue	216	198	18
Total Revenue	4,482	4,436	46
Expenses - Library Services	4,151	4,116	35
Change in net position	331	320	11
Net Position - beginning of year	5,517	5,197	320
Net position - End of Year	$ 5,848	$ 5,517	$ 331

The Library As A Whole

- The Library's net assets increased by $331,235 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 67 percent of total revenue. In the prior year these revenue items represented 28 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 $3,161,533 for the year ending June 30, 2017 versus $3,127,834 for the year ending June 30, 2016.

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 $4,910,610 to $5,506,706. This is primarily the result of the budgetary highlights described below. The fund balance of the Capital Fund increased during the year from $380,723 to $439,428.

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 $282,932 favorable budget variance for operating revenue. The majority of this variance was within the contract services revenue line. The Library budgets this number conservatively since revenues can fluctuate depending upon the number of residents from neighboring un-served library districts who sign up with the Port Jefferson Free Library for service. These neighboring districts can choose from a number of neighboring libraries for service.

- The favorable budget variance for gifts and donation income was due to the generosity of the Friends of the Library and the public at large who donated in response to the annual giving letter.

Budgetary Highlights: (Continued)

- The favorable budget variance for program revenues of $5,325 was due to hosting more bus trips than anticipated. In addition, programs such as robotics brought in higher programming fees.

- Although there were variances within the specific salaries and wages budget lines, in total the budget section was only overspent by $108,473 or 5.8%. 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.

- The budget line for post-retirement health was underspent by $196,745. 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 overspent by $44,044. This was the result of having a long tenured employee who bought back time from the retirement system. This resulted in an additional retirement liability for the Library that amounted to $50,991.

- The workers compensation budget line was underspent as a result of receiving premium audit refunds.

- The budget line for periodicals/print and non-print was underspent by $30,140. The Library realized a savings by purchasing non-print periodicals through a coordinated order offered by the Suffolk Cooperative Library System. In addition, demand for materials in an electronic format has reduced the demand for materials to be duplicated in the print format.

- The budget line for library and office supplies was underspent because fewer supplies were required to be purchased than had been anticipated.

- The budget line for publicity and printing was underspent because 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 professional fees and dues was underspent by $37,599. The Library attributes this to the fact that it budgeted for increased legal fees related to its construction project. Fortunately, no additional services were required.

- The budget line for utilities was underspent by $22,009. This was due to the installation of a new energy efficient HVAC system and a modernized thermostat which helped to reduce utility costs.

Budgetary Highlights: (Continued)

- The budget line for building and grounds repair/improvement was underspent by $23,753. As a result of being in the very early stages of the building renovation project, the Library only made repairs and improvements that were absolutely necessary.

- The budget line for building maintenance was overspent due to the unexpected necessity to repair its roof and elevator.

- In total, the capital outlay budget section was underspent by $25,304. This was due to postponing planned purchases until the conclusion of the renovation project.

- Although the Library anticipated that it would be making debt service payments on funds borrowed for its building renovation project, no financing was secured. Accordingly, the Library did not make any debt service payments.

Capital Assets and Debt Administration:

During the fiscal year ending June 30, 2017 the Library purchased $71,904 of fixed assets (capital outlay). Some of these expenditures ($34,494) 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, furniture and fixtures, refrigerator, and copier.

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, 2017 was $129,042. This represents an increase of $29,952 from the previous year. The net pension liability at June 30, 2017 was $649,058. This represents a decrease of $421,294 from the previous year. The obligation for other post-employment benefits at June 30, 2017 was $1,639,905. This represents an increase of $207,698 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2017-2018 fiscal year was approved by the taxpayers. The anticipated tax revenues will be $3,038,619. This is a 1.3% increase as compared to the 2016-2017 fiscal year budget.

PORT JEFFERSON FREE LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2017

	General Fund	Capital Fund	Total	Adjustments (Note 12)	Statement of Net Position
Assets:					
Cash and cash equivalents	$ 5,554,964	$ 439,192	$ 5,994,156	$	$ 5,994,156
Prepaid expenses	44,411	2,695	47,106		47,106
Internal receivables	2,459		2,459	(2,459)	
Other assets	3,735		3,735		3,735
Capital assets, net of depreciation				2,030,821	2,030,821
Total Assets	5,605,569	441,887	6,047,456	2,028,362	8,075,818
Deferred Outflows of Resources:					
Deferred outflow on pension	0	0	0	408,749	408,749
Total Assets and Deferred Outflows of Resources	$ 5,605,569	$ 441,887	$ 6,047,456	$ 2,437,111	$ 8,484,567
Liabilities:					
Accounts payable	$ 52,381	$	$ 52,381	$	$ 52,381
Accrued payroll and taxes payable	46,482		46,482		46,482
Internal payables		2,459	2,459	(2,459)	
Non-current liabilities:					
Compensated absences payable				129,042	129,042
Net pension liability				649,058	649,058
Obligation for other post-employment benefits				1,639,905	1,639,905
Total Liabilities	98,863	2,459	101,322	2,415,546	2,516,868
Deferred Inflows of Resources:					
Deferred inflow on pension	0	0	0	119,647	119,647
Fund Balances/Net Position:					
Nonspendable (prepaid expenses)	44,411	2,695	47,106	(47,106)	
Restricted for permanent endowment	1,000		1,000	(1,000)	
Committed for specific purposes	3,158,826		3,158,826	(3,158,826)	
Assigned for capital projects		436,733	436,733	(436,733)	
Unassigned	2,302,469		2,302,469	(2,302,469)	
Total Fund Balance	5,506,706	439,428	5,946,134	(5,946,134)	
Total Liabilities, Deferred Inflows of Resources And Fund Balances	$ 5,605,569	$ 441,887	$ 6,047,456		
Net Position:					
Net investment in capital assets				2,030,821	2,030,821
Restricted for permanent endowment				1,000	1,000
Unrestricted				3,816,231	3,816,231
Total Net Position				$ 5,848,052	$ 5,848,052

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, 2017

	General Fund	Capital Fund	Total	Adjustments (Note 12)	Statement of Activities
Revenues:					
Tax revenues	$ 3,001,041	$	$ 3,001,041	$	$ 3,001,041
Payments in lieu of taxes	116,447		116,447		116,447
Contract services	1,265,098		1,265,098		1,265,098
State aid and other grants	14,166		14,166		14,166
Fines	8,898		8,898		8,898
Lost and damaged materials	5,308		5,308		5,308
Copier revenue	8,919		8,919		8,919
Interest income	10,302		10,302		10,302
E-rate	7,700		7,700		7,700
Gifts and donations	8,582	5,881	14,463		14,463
Programs	25,013		25,013		25,013
Refund of prior year expense	2,439		2,439		2,439
Miscellaneous revenue	1,937		1,937		1,937
Total Revenues	4,475,850	5,881	4,481,731	0	4,481,731
Expenditures/Expenses For Library Services:					
Salaries and wages	1,986,788		1,986,788	27,824	2,014,612
Employee benefits	878,877		878,877	268,044	1,146,921
Library materials and programs	504,260		504,260		504,260
Library operations	177,608	8,074	185,682		185,682
Building operations	199,419		199,419		199,419
Capital outlay	37,410	34,494	71,904	(71,904)	
Depreciation				99,602	99,602
Total Expenditures/Expenses	3,784,362	42,568	3,826,930	323,566	4,150,496
Excess (Deficiency) Of Revenues Over Expenditures	691,488	(36,687)	654,801	(323,566)	
Other Financing Sources/Uses:					
Transfers- internal activities	(95,392)	95,392	0		
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	596,096	58,705	654,801	(654,801)	
Change In Net Position				331,235	331,235
Fund balance/Net Position- beginning of the year	4,910,610	380,723	5,291,333	225,484	5,516,817
Fund Balance/Net Position- End Of The Year	$ 5,506,706	$ 439,428	$ 5,946,134	$ (98,082)	$ 5,848,052

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

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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 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 is reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

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 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.

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.

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 $5,993,856 (excludes petty cash) and the bank balance was $6,179,799. Of the bank balance, $500,000 was covered by federal depository insurance. The remaining balance of $5,679,799 was covered by collateral held by the Library's agent.

NOTE 4: Capital Assets

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

	Balance as of 7/1/2016	Additions	Deletions	Balance as of 6/30/2017
Assets not being depreciated:				
Fine arts	$ 1,475	$ 0	$ 0	$ 1,475
Land	501,146	0	0	501,146
Construction in progress	32,100	34,494	0	66,594
Other capital assets:				
Computer equipment	233,890	17,935	0	251,825
Other equipment	356,353	9,571	0	365,924
Furniture and fixtures	450,004	9,904	0	459,908
Leasehold improvements	74,555	0	0	74,555
Building and building improvements	2,959,721	0	0	2,959,721
Total	4,609,244	71,904	0	4,681,148
Accumulated depreciation	(2,550,725)	(99,602)	0	(2,650,327)
Net Book Value	$ 2,058,519	$ (27,698)	$ 0	$ 2,030,821

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2017.

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2017 for unused sick and vacation pay amounting to $129,042. This represents an increase of $29,952 from the previous year. No portion of this liability is expected to be paid out during the next twelve months.

NOTE 7: Long Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance 7/1/2016	Increases	Reductions	Balance 6/30/2017	Non-current liabilities Due within one year	Non-current liabilities Due after one year
Compensated absences	$ 99,090	$ 29,952	$ 0	$ 129,042	$ 0	$ 129,042
Net pension liabilty	1,070,352	0	421,294	649,058	0	649,058
Other post-employment benefits payable	1,432,207	207,698	0	1,639,905	0	1,639,905
	$ 2,601,649	$ 237,650	$ 421,294	$ 2,418,005	$ 0	$ 2,418,005

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.

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

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.

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

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

NOTE 8: Retirement Plan (Continued)

B. Benefits Provided: (Continued)

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

Tier 6

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.
Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

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

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

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

C. **Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was $314,483, for the 2016 fiscal year it was $287,294 and for the 2015 fiscal year it was $311,343.

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

D. **Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2017, the Port Jefferson Free Library reported a liability of $649,058 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, 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, 2017, the Port Jefferson Free Library's proportion was 0.0069076 percent, which was an increase of .0002389 percent from its proportion measured at June 30, 2016.

For the year ended June 30, 2017, the Port Jefferson Free Library recognized pension expense of $372,701. At June 30, 2017, the Port Jefferson Free Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 16,265	$ 98,563
Changes in assumptions	221,742	0
Net difference between projected and actual investment earnings on pension plan investments	129,643	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,099	21,084
Library's contributions subsequent to the measurement date	0	0
Total	$ 408,749	$ 119,647

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

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

No 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:

Year Ending June 30,	Amount Recognized
2018	$ 123,759
2019	123,759
2020	118,458
2021	(76,874)
2022	0
Total	$ 289,102

E. **Actuarial Assumptions:** The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.80%
Investment rate of return (net of investment expense, including inflation)	7.00%
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 the Society of Actuaries' Scale 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.

NOTE 8: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

The long term expected rate of return on pension plan investments is determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below.

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	4.55%
International equity	6.35%
Private equity	7.75%
Real estate	5.80%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Bonds and mortgages	1.31%
Cash	(0.25%)
Inflation-Indexed bonds	1.50%

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.

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 Library's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the 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	$ 2,072,963	$ 649,058	$ (554,851)

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, 2017, in thousands of dollars was as follows:

	Total
Employers' total pension liability	$ 177,400,586
Plan net position	(168,004,363)
Employers' net pension liability	$ 9,396,223
Ratio of plan net position to the Employers' total pension liability	94.7%

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, 2017, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of $135,435 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 $14,250. 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:

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

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	$ 365,758
Interest on net OPEB obligation	57,288
Adjustment to annual required contribution	(72,388)
Annual OPEB cost (expense)	350,658
Contributions made	(142,960)
Increase in net OPEB obligation	207,698
Net OPEB obligation - beginning of year	1,432,207
Net OPEB obligation - end of year	$ 1,639,905

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OBEB obligation for the years ending June 30, 2015, 2016 and 2017 are as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost % Of Pay
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%
6/30/2017	$ 350,658	40.8%	$ 1,639,905	$ 1,163,158	30.1%

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

D. Funded Status and Funded Progress: As of June 30, 2017, 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 $1,163,158, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 338.8 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.

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

E. Methods and Assumptions: (Continued)

Retirement rates:

Age	Rate
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:

Age	Rate
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:

Year	Pre-65 Rates	Post-65 Rates
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.

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.

NOTE 10: Funds Committed For Specific Purposes

A summary of changes in designated funds for the fiscal year ending June 30, 2017 is as follows:

	Balance as of 7/1/2016	Funds Committed (Uncommitted)	Funds Received (Expended)	Balance as of 6/30/2017
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	1,235,462	196,745	0	1,432,207
Total	$ 2,962,081	$ 196,745	$ 0	$ 3,158,826

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. 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, 2017 the Library made rental payments for the equipment of $12,199 and for the space at 150 East Main Street of $42,307.

The future minimum lease commitments are detailed as follows:

Year Ending June 30,	Office Equipment	150 East Main Street	Total Minimum Commitment
2018	$ 12,199	$ 43,365	$ 55,564
2019	5,804	14,573	20,377
2020	1,236	0	1,236
2021	1,236	0	1,236
	$ 20,475	$ 57,938	$ 78,413

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	$ 5,946,134
Amounts reported in the statement of net position are different because:	
• Capital assets are not financial resources, and are not reported in the funds	2,030,821
• Deferred outflow on pension is not reported in the funds	408,749
• Compensated absences are included as a liability	(129,042)
• Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds	(1,639,905)
• Net pension liability is not included in the funds	(649,058)
• Deferred inflow on pension is not reported in the funds	(119,647)
Total Net Position - Full Accrual Basis	$ 5,848,052
Net Change in Fund Balance - Modified Accrual Basis	$ 654,801
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	71,904
Depreciation expense	(99,602)
• (Increase)/decrease in the accruals for items reported as expenditures in the statements of activities, not in the fund statements:	
Compensated absences	(29,952)
Post-employment health costs	(207,698)
Net pension expenses	(58,218)
Change In Net Position - Full Accrual Basis	$ 331,235

PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenues:				
Tax Related Items:				
Tax revenues	$ 3,000,810	$ 3,000,810	$ 3,001,041	$ 231
Payments in lieu of taxes	115,252	115,252	116,447	1,195
Total Tax Related Items	3,116,062	3,116,062	3,117,488	1,426
Operating Revenue:				
Contract services	1,009,896	1,009,896	1,265,098	255,202
State aid and other grants	9,790	9,790	14,166	4,376
Fines	9,933	9,933	8,898	(1,035)
Lost and damaged materials	7,737	7,737	5,308	(2,429)
Copier revenue	3,951	3,951	8,919	4,968
Interest income	7,392	7,392	10,302	2,910
E-rate	4,715	4,715	7,700	2,985
Gifts and donations	2,328	2,328	8,582	6,254
Programs	19,688	19,688	25,013	5,325
Refund of prior year expense	0	0	2,439	2,439
Miscellaneous	0	0	1,937	1,937
Total Operating Revenue	1,075,430	1,075,430	1,358,362	282,932
Transfer From Fund Balance	0	0	0	0
Total Revenues	$ 4,191,492	$ 4,191,492	$ 4,475,850	$ 284,358

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

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PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Expenditures:				
Salaries and Wages:				
Professional	$ 865,397	$ 865,397	$ 909,834	$ (44,437)
Clerical	897,730	897,730	947,441	(49,711)
Custodial	88,808	88,808	103,855	(15,047)
Security	26,380	26,380	25,658	722
Total Salaries and Wages	1,878,315	1,878,315	1,986,788	(108,473)
Employee Benefits:				
Employee insurance benefits	396,793	396,793	402,233	(5,440)
Post-retirement health	196,745	196,745	0	196,745
Retirement	270,439	270,439	314,483	(44,044)
Payroll taxes	143,241	143,241	149,174	(5,933)
Workers compensation	34,285	34,285	12,987	21,298
Total Employee Benefits	1,041,503	1,041,503	878,877	162,626
Library Materials And Programs:				
Books	168,000	168,000	167,270	730
Audio/visual	84,425	84,425	77,629	6,796
Periodicals / print and non-print	38,425	38,425	8,285	30,140
Computer services / OPAC / basic service fee	117,561	117,561	117,123	438
Bindery	500	500	0	500
AV licenses	360	360	387	(27)
Programs and program supplies	137,930	137,930	133,566	4,364
Total Library Materials And Programs	547,201	547,201	504,260	42,941
Library Operations:				
Library and office supplies	58,750	58,750	43,386	15,364
Telecommunications	11,112	11,112	11,024	88
Postage and shipping	15,500	15,500	15,454	46
Publicity and printing	35,557	35,557	28,749	6,808
Conference and travel	8,608	8,608	3,846	4,762
Professional fees and dues	82,100	82,100	44,501	37,599
Library insurance	34,500	34,500	30,023	4,477
Miscellaneous	0	0	625	(625)
Total Library Operations	$ 246,127	$ 246,127	$ 177,608	$ 68,519

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, 2017

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Expenditures: (continued)				
Building Operations:				
Utilities	$ 104,337	$ 104,337	$ 82,328	$ 22,009
Building and grounds repair/improvement	33,396	33,396	9,643	23,753
Equipment rental and repair	15,528	15,528	12,716	2,812
Service contracts	19,875	19,875	15,240	4,635
Building maintenance	25,490	25,490	37,185	(11,695)
Rent - 150 East Main Street	41,614	41,614	42,307	(693)
Total Building Operations	240,240	240,240	199,419	40,821
Capital Outlay:				
Equipment, furniture and fixtures	62,714	62,714	37,410	25,304
Total Expenditures	4,016,100	4,016,100	3,784,362	231,738
Excess Of Revenues Over Expenditures	175,392	175,392	691,488	516,096
Other Financing Sources (Uses):				
Transfer to Capital Fund	(95,392)	(95,392)	(95,392)	0
Transfer to Debt Service Fund	(80,000)	(80,000)	0	80,000
Total Other Financing Sources (Uses)	(175,392)	(175,392)	(95,392)	80,000
Excess Of Revenues Over Expenditures And Other Financing Uses	0	0	596,096	596,096
Budgetary fund balance- beginning of year	4,910,610	4,910,610	4,910,610	4,910,610
Budgetary Fund Balance- End Of Year	$ 4,990,610	$ 4,990,610	$ 5,506,706	$ 5,506,706

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 2017 FISCAL YEAR**

	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.006908%	0.006669%	0.007048%
Library's proportionate share of the net pension liability (asset)	$649,058	$1,070,352	$238,092
Library's covered-employee payroll	$1,777,940	$1,673,588	$1,736,449
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.506%	63.956%	13.711%
Plan fiduciary net position as a percentage of the total pension liability	94.703%	90.685%	97.948%

** 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 2017 FISCAL YEAR

	2017	2016	2015
Contractually required contribution	$ 314,483	$ 287,294	$ 311,343
Contributions in relation to the contractually required contribution	314,483	287,294	311,343
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Library's covered-employee payroll	$ 1,777,940	$ 1,673,588	$ 1,736,449
Contributions as a percentage of covered-employee payroll	17.69%	17.17%	17.93%

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

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