

PORT JEFFERSON FREE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2019

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, 2019, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

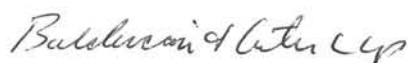
Opinions

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, 2019, 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.

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 changes in the Library's total OPEB liability and related ratios on pages 5 through 9 and 32 through 37 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
November 22, 2019

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, 2019	June 30, 2018	Increase (Decrease)
Assets:			
Current assets	\$ 7,484	\$ 6,850	\$ 634
Capital assets	<u>1,981</u>	<u>1,978</u>	<u>3</u>
Total Assets	<u>9,465</u>	<u>8,828</u>	<u>637</u>
Deferred Outflows of Resources	<u>570</u>	<u>697</u>	<u>(127)</u>
Liabilities:			
Long-term debt	5,914	5,158	756
Other liabilities	<u>184</u>	<u>270</u>	<u>(86)</u>
Total Liabilities	<u>6,098</u>	<u>5,428</u>	<u>670</u>
Deferred Inflows of Resources	<u>365</u>	<u>971</u>	<u>(606)</u>
Net Position:			
Net investment in capital assets	1,981	1,978	3
Restricted	1	1	0
Unrestricted	<u>1,590</u>	<u>1,147</u>	<u>443</u>
Total Net Position	<u>\$ 3,572</u>	<u>\$ 3,126</u>	<u>\$ 446</u>
Revenue:			
Tax revenues	\$ 3,099	\$ 3,039	\$ 60
Contract services	1,266	1,297	(31)
Other revenue	<u>323</u>	<u>217</u>	<u>106</u>
Total Revenue	4,688	4,553	135
Expenses - Library Services	<u>4,242</u>	<u>3,876</u>	<u>366</u>
Change in net position	446	677	(231)
Net Position - beginning of year	<u>3,126</u>	<u>2,449</u>	<u>677</u>
Net position - End of Year	<u>\$ 3,572</u>	<u>\$ 3,126</u>	<u>\$ 446</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net assets increased by \$445,659 this year. This was the combined result of receiving more revenues and having 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 27 percent of total revenue, and property taxes represented 66 percent of total revenue. In the prior year these revenue items represented 28 percent and 67 percent of total revenue respectively.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 75 percent of the Library's total expenses. These expenses totaled \$3,185,377 for the year ending June 30, 2019 versus \$2,850,785 for the year ending June 30, 2018.

The Library Funds:

Our analyses of the Library's funds are included in the first three columns of pages 10 through 12 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 \$6,151,700 to \$6,805,567. This is primarily the result of the budgetary highlights described below. The fund balance of the Capital Fund decreased during the year from \$428,168 to \$414,874. The fund balance of the Debt Service Fund increased from \$0 to \$80,755.

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 \$198,967 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 variance in the budget line for State aid and other grants was due to the unanticipated receipt of a \$15,000 Bullet Grant.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The Library attributes the favorable budget variance for passport income to the fact that they did not start processing passports until August 2017, so at the time of budget preparation they did not have a basis to estimate what this income would be.
- The favorable variance in interest income was due to negotiating higher interest rates from their bank.
- The favorable variance in gifts and donations was due to the receipt of a single, large donation.
- In total, the salaries and wages budget section was underspent by \$131,570 or 6.18%. It is difficult to budget on an individual salary line basis because of staff transitioning in and out of employment with the Library, staff taking unpaid leave or 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 \$218,000. 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 \$31,638. 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 budget line for periodicals/print and non-print was overspent by \$5,832. In anticipation of fewer purchases, the Library reduced the amount budgeted for the 2018/2019 fiscal year. Unfortunately, due to price increases, this line was overspent.
- The budget line for library and office supplies was underspent as a result of evaluating purchasing practices and utilizing vendors with contract pricing.
- The budget line for insurance was underspent because the Library's insurance broker was able to achieve better pricing than anticipated.
- The budget line for building and grounds repair/improvement was underspent by \$18,202. 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 service contracts was underspent because anticipated price increases never materialized.
- The capital outlay budget section was underspent by \$5,267. Although the Library had planned to replace various furniture and equipment that broke or became obsolete, these purchases were not required.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets and Debt Administration:

During the fiscal year ending June 30, 2019 the Library purchased \$108,208 of fixed assets (capital outlay). The majority of these expenditures were paid from the Capital Fund and related to the HVAC project and for planning costs associated with the construction of the property adjacent to the Library. The purchases made from the General Fund were for a variety of items such as computer equipment, furniture, and shelving, etc. During the year, the Library discarded \$4,699 of broken and/or obsolete furniture.

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, 2019 was \$157,568. This represents an increase of \$29,408 from the previous year. The net pension liability at June 30, 2019 was \$479,589. This represents an increase of \$243,886 from the previous year. The obligation for other post-employment benefits at June 30, 2019 was \$5,277,157. This represents an increase of \$482,787 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2019-2020 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$3,161,379. This is a 2.0% increase as compared to the 2018-2019 fiscal year budget.

PORT JEFFERSON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 12)	Statement of Net Position
Assets:						
Cash and cash equivalents	\$ 7,053,543	\$ 416,338	\$	\$ 7,469,881	\$	\$ 7,469,881
Internal receivables	2,459		80,755	83,214	(83,214)	
Prepaid expenses	8,850	2,695		11,545		11,545
Security deposit	3,600			3,600		3,600
Capital assets, net of depreciation (note 4)					1,980,571	1,980,571
Total Assets	<u>7,068,452</u>	<u>419,033</u>	<u>80,755</u>	<u>7,568,240</u>	<u>1,897,357</u>	<u>9,465,597</u>
Deferred Outflows of Resources:						
Deferred outflows on other post-employment benefits					255,340	255,340
Deferred outflows on pension					314,523	314,523
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>569,863</u>	<u>569,863</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,068,452</u>	<u>\$ 419,033</u>	<u>\$ 80,755</u>	<u>\$ 7,568,240</u>	<u>\$ 2,467,220</u>	<u>\$ 10,035,460</u>
Liabilities:						
Accounts payable	\$ 64,484	\$ 1,700	\$	\$ 66,184	\$	\$ 66,184
Accrued payroll and related items	52,668			52,668		52,668
Accrued retirement	64,978			64,978		64,978
Internal payables	80,755	2,459		83,214	(83,214)	
Non-current liabilities:						
Compensated absences payable					157,568	157,568
Net pension liability					479,589	479,589
Obligation for other post-employment benefits					5,277,157	5,277,157
Total Liabilities	<u>\$ 262,885</u>	<u>\$ 4,159</u>	<u>\$ 0</u>	<u>\$ 267,044</u>	<u>\$ 5,831,100</u>	<u>\$ 6,098,144</u>

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

PORT JEFFERSON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 12)	Statement of Net Position
Deferred Inflows of Resources:						
Deferred inflows on other post-employment benefits	\$	\$	\$		\$ 167,384	\$ 167,384
Deferred inflows on pension					197,799	197,799
Total Deferred Inflows of Resources	0	0	0	0	365,183	365,183
Fund Balances/Net Position:						
Nonspendable (prepaids and deposits)	12,450	2,695		15,145	(15,145)	
Restricted for permanent endowment	1,000			1,000	(1,000)	
Committed for specific purposes	3,569,054			3,569,054	(3,569,054)	
Assigned for debt service			80,755	80,755	(80,755)	
Assigned for capital projects		412,179		412,179	(412,179)	
Unassigned	3,223,063			3,223,063	(3,223,063)	
Total Fund Balance	6,805,567	414,874	80,755	7,301,196	(7,301,196)	
Total Liabilities, Deferred Inflows of Resources And Fund Balance	\$ 7,068,452	\$ 419,033	\$ 80,755	\$ 7,568,240		
Net Position:						
Net investment in capital assets					1,980,571	1,980,571
Restricted for permanent endowment					1,000	1,000
Unrestricted					1,590,562	1,590,562
Total Net Position					\$ 3,572,133	\$ 3,572,133

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

PORT JEFFERSON FREE LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 12)</u>	<u>Statement of Activities</u>
Revenues:						
Tax revenues	\$ 3,099,463	\$	\$	\$ 3,099,463	\$	\$ 3,099,463
Payments in lieu of taxes	123,429			123,429		123,429
Contract services	1,266,018			1,266,018		1,266,018
State aid and other grants	22,219	66,325		88,544		88,544
Fines	6,156			6,156		6,156
Passport income	18,374			18,374		18,374
Lost and damaged materials	3,875			3,875		3,875
Copier revenue	6,253			6,253		6,253
Interest income	33,105	7		33,112		33,112
E-rate reimbursement	5,675			5,675		5,675
Gifts and donations	13,865			13,865		13,865
Programs	19,607			19,607		19,607
Miscellaneous revenue	3,820			3,820		3,820
Total Revenues	<u>4,621,859</u>	<u>66,332</u>	<u>0</u>	<u>4,688,191</u>	<u>0</u>	<u>4,688,191</u>
Expenditures/Expenses For						
Library Services:						
Salaries and wages	1,996,421			1,996,421	27,318	2,023,739
Employee benefits	911,102			911,102	250,536	1,161,638
Library materials and programs	562,939			562,939		562,939
Library operations	191,249	3,151		194,400		194,400
Building operations	192,293	1,500		193,793		193,793
Capital outlay	33,233	74,975		108,208	(108,208)	
Depreciation					106,023	106,023
Total Expenditures/Expenses	<u>3,887,237</u>	<u>79,626</u>	<u>0</u>	<u>3,966,863</u>	<u>275,669</u>	<u>4,242,532</u>
Excess (Deficiency) Of Revenues Over Expenditures	734,622	(13,294)	0	721,328	(275,669)	
Other Financing Sources/Uses:						
Transfers- internal activities	(80,755)	0	80,755	0		
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	653,867	(13,294)	80,755	721,328	(721,328)	
Change In Net Position					445,659	445,659
Fund balance/Net Position- beginning of the year	<u>6,151,700</u>	<u>428,168</u>	<u>0</u>	<u>6,579,868</u>	<u>(3,453,394)</u>	<u>3,126,474</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 6,805,567</u>	<u>\$ 414,874</u>	<u>\$ 80,755</u>	<u>\$ 7,301,196</u>	<u>\$ (3,729,063)</u>	<u>\$ 3,572,133</u>

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

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of general long-term debt and interest.

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, 2019

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.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 \$7,468,715 (excludes petty cash) and the bank balance was \$7,537,973. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance of \$7,037,973 was covered by collateral held by the Library's agent.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4: Capital Assets

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

	Balance as of 7/1/2018	Additions	Deletions	Balance as of 6/30/2019
Assets not being depreciated:				
Fine arts	\$ 2,070	\$ 0	\$ 0	\$ 2,070
Land	501,146	0	0	501,146
Construction in progress	74,703	8,150	0	82,853
Other capital assets:				
Computer equipment	262,146	15,470	(4,699)	272,917
Other equipment	373,487	3,176	0	376,663
Furniture and fixtures	470,574	14,587	0	485,161
Leasehold improvements	74,555	0	0	74,555
Building and building improvements	2,959,721	66,825	0	3,026,546
Total	4,718,402	108,208	(4,699)	4,821,911
Accumulated depreciation	(2,740,016)	(106,023)	4,699	(2,841,340)
Net Book Value	\$ <u>1,978,386</u>	\$ <u>2,185</u>	\$ <u>0</u>	\$ <u>1,980,571</u>

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2019.

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2019 for unused sick and vacation pay amounting to \$157,568. This represents an increase of \$29,408 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, 2019**

NOTE 7: Long Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

				<u>Non-current liabilities</u>		
	<u>Balance</u> <u>7/1/2018</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2019</u>	<u>Due within</u> <u>one year</u>	<u>Due after</u> <u>one year</u>
Compensated absences	\$ 128,160	\$ 29,408	\$ 0	\$ 157,568	\$ 0	\$ 157,568
Net pension liability	235,703	243,886	0	479,589	0	479,589
Other post-employment benefits payable	<u>4,794,370</u>	<u>482,787</u>	<u>0</u>	<u>5,277,157</u>	<u>0</u>	<u>5,277,157</u>
	<u>\$ 5,158,233</u>	<u>\$ 756,081</u>	<u>\$ 0</u>	<u>\$ 5,914,314</u>	<u>\$ 0</u>	<u>\$ 5,914,314</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 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The 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, 2019

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.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 \$264,512, for the 2018 fiscal year it was \$260,717 and for the 2017 fiscal year it was \$314,483.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, the Port Jefferson Free Library reported a liability of \$479,589 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, 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, 2019, the Port Jefferson Free Library's proportion was 0.0067688 percent, which was a decrease of .0005343 percent from its proportion measured at June 30, 2018.

For the year ended June 30, 2019, the Port Jefferson Free Library recognized pension expense of \$308,341. At June 30, 2019, 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	\$ 94,441	\$ 32,194
Changes in assumptions	120,549	0
Net difference between projected and actual investment earnings on pension plan investments	0	123,089
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,555	42,516
Library's contributions subsequent to the measurement date	<u>64,978</u>	<u>0</u>
Total	<u>\$ 314,523</u>	<u>\$ 197,799</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8: Retirement Plan (Continued)

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

\$64,978 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, 2020. 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>
2020	\$ 100,215
2021	(91,140)
2022	(16,017)
2023	58,688
2024	<u>0</u>
Total	<u>\$ 51,746</u>

E. Actuarial Assumptions: The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases	4.20%
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, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation-Indexed bonds	4.00%	1.25%
Total	<u>100.00%</u>	

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

Discount Rate – The discount rate used to 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, 2019**

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 current-period net pension liability of the Library, calculated using the current-period discount rate assumption of 7.0 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0 percent) or 1 percentage- point higher (8.0 percent) than the current assumption:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Library's proportionate share of the net pension liability	\$ 2,096,840	\$ 479,589	(879,017)

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, 2018, in thousands of dollars was as follows:

	<u>Total</u>
Employers' total pension liability	\$ 189,803,429
Plan net position	<u>(182,718,124)</u>
Employers' net pension liability	<u>\$ 7,085,305</u>
Ratio of plan net position to the Employers' total pension liability	96.27%

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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. Benefits Provided:** 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, 2019, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$151,734 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 \$33,705. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of July 1, 2017, the following employees were covered by the benefit terms:

Active employees	15
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	8
Total	<u>23</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$5,277,157 was updated through June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

D. Actuarial Assumptions and Other Inputs:

Inflation Rate	2.00%
Participant Salary Increases	3.50%
Discount Rate	3.50%
2017 Medical Trend Rates (Pre-65/Post-65)	9.00% / 5.00%
2018 Medical Trend Rates (Pre-65/Post-65)	8.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	2025/2017

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2019.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted adjusted to 2006 and then projected generationally with the MP-2016 scale.

E. Changes in The Total OPEB Liability:

Balance at June 30, 2018	\$ <u>4,794,370</u>
Changes for the year:	
Service cost	175,991
Interest	189,087
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	288,075
Benefit payments	<u>(170,366)</u>
Net changes	<u>482,787</u>
Balance at June 30, 2019	\$ <u><u>5,277,157</u></u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

E. Changes In The Total OPEB Liability: (Continued)

Note: For the purpose of calculating this liability, there have been no changes in assumptions or in the plan as compared to the prior year.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 6,182,144	\$ 5,277,157	\$ 4,547,784

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (7.50% decreasing to 4.00%) or 1 percentage point higher (9.50% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (7.50% Decreasing to 4.00%)	Healthcare Cost Trend Rate (8.50% Decreasing to 5.00%)	1% Increase (9.50% Decreasing to 6.00%)
Total OPEB Liability	\$ 4,362,000	\$ 5,277,157	\$ 6,479,839

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

- F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB:** For the year ending June 30, 2019, the Library recognized OPEB expense of \$373,832. At June 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	<u>255,340</u>	<u>167,384</u>
Total	<u>\$ 255,340</u>	<u>\$ 167,384</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in other post-employment benefits expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2020	\$ 8,754
2021	8,754
2022	8,754
2023	8,754
2024	8,754
Thereafter	<u>44,186</u>
Total	<u>\$ 87,956</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10: Funds Committed For Specific Purposes

A summary of changes in designated funds for the fiscal year ending June 30, 2019 is as follows:

	Balance as of 7/1/2018	Funds Committed (Uncommitted)	Funds Received (Expended)	Balance as of 6/30/2019
Funds Committed For:				
Computers	\$ 91,055	\$ 0	\$ (15,470)	\$ 75,585
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	1,639,905	218,000	0	1,857,905
Total	<u>\$ 3,366,524</u>	<u>\$ 218,000</u>	<u>\$ (15,470)</u>	<u>\$ 3,569,054</u>

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 it was extended for two more years and then in October 2018 for another two years. The Library is also required to pay, as additional rent, an amount equal to 33% of any real estate tax increase. For the fiscal year ending June 30, 2019 the Library made rental payments for the equipment of \$12,328 and for the space at 150 East Main Street of \$44,449.

The future minimum lease commitments are detailed as follows:

Year Ending June 30,	Office Equipment	150 East Main Street	Total Minimum Commitment
2020	\$ 12,420	\$ 45,560	\$ 57,980
2021	12,420	15,311	27,731
2022	4,660	0	4,660
2023	0	0	0
	<u>\$ 29,500</u>	<u>\$ 60,871</u>	<u>\$ 90,371</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 \$ 7,301,196
Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds 1,980,571
- Deferred outflows on pension is not reported in the funds 314,523
- Deferred outflows on OPEB is not reported in the funds 255,340
- Compensated absences are included as a liability (157,568)
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (5,277,157)
- Net pension liability is not included in the funds (479,589)
- Deferred inflows on OPEB is not reported in the funds (167,384)
- Deferred inflow on pension is not reported in the funds (197,799)

Total Net Position - Full Accrual Basis \$ 3,572,133

Net Change in Fund Balance - Modified Accrual Basis \$ 721,328

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 108,208
 - Depreciation expense (106,023)
- (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:
 - Compensated absences (29,408)
 - Post-employment health costs (203,466)
 - Net pension expenses (44,980)

Change In Net Position - Full Accrual Basis \$ 445,659

PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Related Items:				
Tax revenues	\$ 3,099,391	\$ 3,099,391	\$ 3,099,463	\$ 72
Payments in lieu of taxes	119,671	119,671	123,429	3,758
Total Tax Related Items	<u>3,219,062</u>	<u>3,219,062</u>	<u>3,222,892</u>	<u>3,830</u>
Operating Revenue:				
Contract services	1,139,500	1,139,500	1,266,018	126,518
State aid and other grants	4,500	4,500	22,219	17,719
Fines	8,500	8,500	6,156	(2,344)
Passport income	0	0	18,374	18,374
Lost and damaged materials	7,500	7,500	3,875	(3,625)
Copier revenue	5,500	5,500	6,253	753
Interest income	7,800	7,800	33,105	25,305
E-rate reimbursement	4,700	4,700	5,675	975
Gifts and donations	4,500	4,500	13,865	9,365
Programs	17,500	17,500	19,607	2,107
Miscellaneous	0	0	3,820	3,820
Total Operating Revenue	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,398,967</u>	<u>198,967</u>
Transfer From Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 4,419,062</u>	<u>\$ 4,419,062</u>	<u>\$ 4,621,859</u>	<u>\$ 202,797</u>

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

**PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 998,781	\$ 998,781	\$ 982,660	\$ 16,121
Clerical	986,500	986,500	906,465	80,035
Custodial	109,850	109,850	81,282	28,568
Security	32,860	32,860	26,014	6,846
Total Salaries and Wages	<u>2,127,991</u>	<u>2,127,991</u>	<u>1,996,421</u>	<u>131,570</u>
Employee Benefits:				
Employee insurance benefits	485,000	485,000	474,502	10,498
Post-retirement health	218,000	218,000	0	218,000
Retirement	295,000	295,000	263,362	31,638
Payroll taxes	160,000	160,000	148,047	11,953
Workers compensation	26,189	26,189	25,191	998
Total Employee Benefits	<u>1,184,189</u>	<u>1,184,189</u>	<u>911,102</u>	<u>273,087</u>
Library Materials And Programs:				
Books	174,000	174,000	187,788	(13,788)
Programs and program supplies	152,000	152,000	155,577	(3,577)
Audio/visual	85,000	85,000	82,155	2,845
Periodicals / print and non-print	15,000	15,000	20,832	(5,832)
Computer services / OPAC / basic service fee	118,000	118,000	116,229	1,771
AV licenses	402	402	358	44
Total Library Materials And Programs	<u>544,402</u>	<u>544,402</u>	<u>562,939</u>	<u>(18,537)</u>
Library Operations:				
Library and office supplies	58,750	58,750	35,139	23,611
Telecommunications	14,000	14,000	10,255	3,745
Postage and shipping	16,500	16,500	15,482	1,018
Publicity and printing	29,500	29,500	30,988	(1,488)
Conference and travel	8,000	8,000	6,540	1,460
Professional fees and dues	50,000	50,000	54,667	(4,667)
Library insurance	34,500	34,500	27,661	6,839
Minor furniture and equipment	6,500	6,500	9,825	(3,325)
Miscellaneous	0	0	692	(692)
Total Library Operations	<u>\$ 217,750</u>	<u>\$ 217,750</u>	<u>\$ 191,249</u>	<u>\$ 26,501</u>

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

**PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Building Operations:				
Utilities	\$ 88,000	\$ 88,000	\$ 82,379	\$ 5,621
Building and grounds repair/improvement	26,500	26,500	8,298	18,202
Equipment rental and repair	15,000	15,000	14,229	771
Service contracts	21,975	21,975	15,487	6,488
Building maintenance	29,000	29,000	27,451	1,549
Rent - 150 East Main Street	45,000	45,000	44,449	551
Total Building Operations	<u>225,475</u>	<u>225,475</u>	<u>192,293</u>	<u>33,182</u>
Capital Outlay:				
Equipment, furniture and fixtures	<u>38,500</u>	<u>38,500</u>	<u>33,233</u>	<u>5,267</u>
Total Expenditures	<u>4,338,307</u>	<u>4,338,307</u>	<u>3,887,237</u>	<u>451,070</u>
Other Financing Uses:				
Transfers to Debt Service Fund	<u>80,755</u>	<u>80,755</u>	<u>80,755</u>	<u>0</u>
Total Expenditures And Other Financing Uses	<u>4,419,062</u>	<u>4,419,062</u>	<u>3,967,992</u>	<u>451,070</u>
Excess Of Revenues And Other Financing Uses Over Expenditures	<u>0</u>	<u>0</u>	<u>653,867</u>	<u>653,867</u>
Budgetary fund balance- beginning of year	<u>6,151,700</u>	<u>6,151,700</u>	<u>6,151,700</u>	<u>6,151,700</u>
Budgetary Fund Balance- End Of Year	<u>\$ 6,151,700</u>	<u>\$ 6,151,700</u>	<u>\$ 6,805,567</u>	<u>\$ 6,805,567</u>

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

PORT JEFFERSON FREE LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2019 FISCAL YEAR**

	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.006769%	0.007303%	0.006908%	0.006669%	0.007048%
Library's proportionate share of the net pension liability (asset)	\$479,589	\$235,703	\$649,058	\$1,070,352	\$238,092
Library's covered-employee payroll	\$1,850,392	\$1,802,755	\$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	25.92%	13.07%	36.51%	63.96%	13.71%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

** The amounts presented for the fiscal year were determined as of the March 31st that occurred within the fiscal year.

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

PORT JEFFERSON FREE LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2019 FISCAL YEAR

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 264,512	\$ 260,717	\$ 314,483	\$ 287,294	\$ 311,343
Contributions in relation to the contractually required contribution	<u>264,512</u>	<u>260,717</u>	<u>314,483</u>	<u>287,294</u>	<u>311,343</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 1,850,392	\$ 1,802,755	\$ 1,777,940	\$ 1,673,588	\$ 1,736,449
Contributions as a percentage of covered-employee payroll	14.29%	14.46%	17.69%	17.17%	17.93%

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

PORT JEFFERSON FREE LIBRARY
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 175,991	\$ 185,783
Interest	189,087	176,217
Changes of benefit terms	0	0
Differences between expected and actual experience	0	0
Changes in assumptions or other inputs	288,075	(215,346)
Benefit payments	<u>(170,366)</u>	<u>(175,994)</u>
Net Change in total OPEB liability	482,787	(29,340)
Total OPEB liability- beginning	<u>4,794,370</u>	<u>4,823,710</u>
Total OPEB liability- ending	<u>\$ 5,277,157</u>	<u>\$ 4,794,370</u>
Covered-employee payroll	\$ 1,293,845	\$ 1,262,288
Total OPEB liability as a % of covered-employee payroll	407.87%	379.82%

Notes to schedule:

Changes of benefit terms: None

Changes of assumptions: Discount rate changed from 3.87% as of June 30, 2018 to
3.50% as of June 30, 2019.

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