

PORT JEFFERSON FREE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2023

PORT JEFFERSON FREE LIBRARY

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Port Jefferson Free Library (the "Library") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Port Jefferson Free Library, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Port Jefferson Free Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Port Jefferson Free Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT

(Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Jefferson Free Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Port Jefferson Free Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Balderni & Cutler

Certified Public Accountants
Stewart Manor, New York
November 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of three parts-*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first four columns of these financial statements include information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 9,365	\$ 9,438	\$ (73)
Net pension asset	0	576	(576)
Right to use assets	24	36	(12)
Capital assets	<u>2,866</u>	<u>2,182</u>	<u>684</u>
Total Assets	<u>12,255</u>	<u>12,232</u>	<u>23</u>
Deferred Outflows of Resources	<u>2,086</u>	<u>2,345</u>	<u>(259)</u>
Liabilities:			
Long-term debt	6,939	5,263	1,676
Other liabilities	<u>272</u>	<u>208</u>	<u>64</u>
Total Liabilities	<u>7,211</u>	<u>5,471</u>	<u>1,740</u>
Deferred Inflows of Resources	<u>1,781</u>	<u>3,885</u>	<u>(2,104)</u>
Net Position:			
Net investment in capital assets	2,866	2,182	684
Restricted	1	1	0
Unrestricted	<u>2,482</u>	<u>3,038</u>	<u>(556)</u>
Total Net Position	<u>\$ 5,349</u>	<u>\$ 5,221</u>	<u>\$ 128</u>
Revenue:			
Tax revenues	\$ 3,307	\$ 3,242	\$ 65
Contract services	1,244	1,231	13
Other revenue	<u>299</u>	<u>213</u>	<u>86</u>
Total Revenue	4,850	4,686	164
Expenses - Library Services	<u>4,722</u>	<u>3,930</u>	<u>792</u>
Change in net position	128	756	(628)
Net Position - beginning of year	<u>5,221</u>	<u>4,465</u>	<u>756</u>
Net position - End of Year	<u>\$ 5,349</u>	<u>\$ 5,221</u>	<u>\$ 128</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net assets increased by \$127,137 this year. The primary reason for this increase is detailed within the Statement of Activities on page 12.
- The Library's primary source of revenue is contract services (non-resident fees) and property taxes. Revenue from contract services represented 26 percent of total revenue, and property taxes represented 68 percent of total revenue. In the prior year these revenue items represented 26 percent and 69 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 \$3,557,870 for the year ending June 30, 2023 versus \$2,910,112 for the year ending June 30, 2022.

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 Fund, the Capital Fund, and the Debt Service Fund.

The fund balance of the General Fund decreased during the year from \$8,990,209 to \$8,914,460. This is primarily the result of the budgetary highlights described below. The fund balance of the Capital Fund decreased during the year from \$83,360 to \$22,795. The fund balance of the Debt Service Fund remained the same at \$155,755.

Budgetary Highlights:

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The favorable variance in the budget line for payments in lieu of taxes was \$27,441. This was due to having several more complexes that were built in the Village after the budget had been completed.
- In total, there was a \$193,318 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The favorable variance in the budget line for passport income was due to budgeting conservatively for this income. Passport traffic has continued to increase considerably which resulted in higher income than anticipated.
- The favorable variance in interest income was due to the increase in interest rates. The Library was able to maximize income by purchasing Treasury Bills. It was also able to negotiate higher rates on its savings account by changing its banking relationship.
- The budget line for program revenues had a favorable variance of \$5,250. Post pandemic, the Library was unsure if there would be demand for bus trips, so it budgeted conservatively. There was huge interest and tickets sold out quickly, generating more income than anticipated.
- The budget line for custodial salaries was underspent because the Supervisor in the Custodial Department retired and was replaced by an existing employee at a lower pay rate. Additionally, there was another position that was unfilled for several months during the fiscal year.
- The budget line for post-retirement health was underspent by \$150,000. 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 budget line for retirement was underspent by \$78,025. 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 lower than the original projection.
- The budget line for programs and program supplies was underspent by \$24,822. The Library attributes this to budgeting for social workers for its Helping Hands Program. However, it was able to secure volunteer social workers which saved a significant amount of money.
- The budget line for audio/visual materials was underspent by \$14,582. Although purchasing has resumed since the pandemic, demand for these materials remains lower than expected.
- The unfavorable variance in the budget line library and office supplies is directly related to the favorable variance in the capital outlay budget section. The Library had budgeted for and purchased numerous pieces of furniture and equipment within the capital outlay budget section. However, for financial statement reporting purposes, the items that were less than the Library's \$500 capital limit, were required to be reclassified to the budget line for library and office supplies.
- The budget line for professional fees, dues and payroll taxes was overspent as the Library hired a claims auditor, more tuition reimbursements were made than anticipated and there was an increase in payroll processing costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for utilities was underspent by \$26,039. The Library attributes this savings to the new energy efficient roof and the fact that it was a very mild winter.
- The favorable variance in the budget line for equipment rental and repair and the unfavorable variance in the debt service budget section are directly related. Whereas the Library budgeted for payments on its copier lease within the budget line for equipment rental and repair, these payments were required to be reclassified to the debt service budget section for financial reporting purposes.

Capital Assets and Debt Administration:

During the fiscal year the Library purchased \$831,165 of fixed assets (capital outlay). The majority of these expenditures were paid from the Capital Fund and were primarily related to the roof replacement and retaining wall projects. The purchases made from the General Fund were for a wide variety of items such as computer equipment, furniture, fixtures, etc. During the year, the Library discarded \$5,192 of broken and/or obsolete furniture and equipment.

The only long-term debt that the Library has is to its employees for compensated absences, its net pension liability, its lease liability and its obligation for other post-employment benefits. The net pension asset reported in the prior year of \$576,288, reversed and became a net pension liability of \$1,568,427 at June 30, 2023. The liability for compensated absences at June 30, 2023 was \$202,173. This represents an increase of \$8,813 from the previous year. The Library also made principal payments of \$12,112 on its lease liability reducing the debt at June 30, 2023 to \$24,103. The obligation for other post-employment benefits at June 30, 2023 was \$5,144,177. This represents an increase of \$110,760 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2023-2024 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$3,373,217. This is a 2.00% increase as compared to the 2022-2023 fiscal year budget.

PORT JEFFERSON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 14)	Statement of Net Position
Assets:						
Cash and cash equivalents	\$ 6,179,096	\$ 15,297	\$ 155,755	\$ 6,350,148	\$	\$ 6,350,148
Accrued interest	27,757			27,757		27,757
Internal receivables		56,381		56,381	(56,381)	
Prepaid expenses	57,478			57,478		57,478
Security deposit	3,600			3,600		3,600
Investments - Treasury Bills (note 4)	2,926,113			2,926,113		2,926,113
Right to use assets, net of amortization (note 5)					24,103	24,103
Capital assets, net of depreciation (note 6)					2,865,503	2,865,503
Total Assets	<u>9,194,044</u>	<u>71,678</u>	<u>155,755</u>	<u>9,421,477</u>	<u>2,833,225</u>	<u>12,254,702</u>
Deferred Outflows of Resources:						
Deferred outflows on other post-employment benefits					1,066,797	1,066,797
Deferred outflows on pension					1,019,470	1,019,470
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,086,267</u>	<u>2,086,267</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,194,044</u>	<u>\$ 71,678</u>	<u>\$ 155,755</u>	<u>\$ 9,421,477</u>	<u>\$ 4,919,492</u>	<u>\$ 14,340,969</u>
Liabilities:						
Accounts payable	\$ 29,674	\$ 48,883	\$	\$ 78,557	\$	\$ 78,557
Accrued payroll and related items	128,818			128,818		128,818
Accrued retirement	64,711			64,711		64,711
Internal payables	56,381			56,381	(56,381)	
Non-current liabilities:						
Compensated absences payable (note 8)					202,173	202,173
Lease liability (note 10)					24,103	24,103
Net pension liability (note 11)					1,568,427	1,568,427
Obligation for other post-employment benefits					5,144,177	5,144,177
Total Liabilities	<u>\$ 279,584</u>	<u>\$ 48,883</u>	<u>\$ 0</u>	<u>\$ 328,467</u>	<u>\$ 6,882,499</u>	<u>\$ 7,210,966</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, 2023**

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 14)	Statement of Net Position
Deferred Inflows of Resources:						
Deferred inflows on other post-employment benefits	\$	\$	\$		\$ 1,661,943	\$ 1,661,943
Deferred inflows on pension					119,380	119,380
Total Deferred Inflows of Resources	0	0	0	0	1,781,323	1,781,323
Fund Balances/Net Position:						
Nonspendable (prepaids and deposits)	61,078			61,078	(61,078)	
Restricted for permanent endowment	1,000			1,000	(1,000)	
Committed for specific purposes (note 13)	4,175,709			4,175,709	(4,175,709)	
Assigned for debt service			155,755	155,755	(155,755)	
Assigned for capital projects		22,795		22,795	(22,795)	
Unassigned	4,676,673			4,676,673	(4,676,673)	
Total Fund Balance	8,914,460	22,795	155,755	9,093,010	(9,093,010)	
Total Liabilities, Deferred Inflows of Resources And Fund Balance	\$ 9,194,044	\$ 71,678	\$ 155,755	\$ 9,421,477		
Net Position:						
Net investment in capital assets					2,865,503	2,865,503
Restricted for permanent endowment					1,000	1,000
Unrestricted					2,482,177	2,482,177
Total Net Position					\$ 5,348,680	\$ 5,348,680

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, 2023

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 14)</u>	<u>Statement of Activities</u>
Revenues:						
Tax revenues	\$ 3,307,149	\$	\$	\$ 3,307,149	\$	\$ 3,307,149
Payments in lieu of taxes	152,441			152,441		152,441
Contract services	1,243,998			1,243,998		1,243,998
State aid and other grants	2,268			2,268		2,268
Passport income	41,959			41,959		41,959
Fines and other library charges	6,196			6,196		6,196
Interest income	68,603	2,486		71,089		71,089
E-rate reimbursement	5,168			5,168		5,168
Gifts and donations	6,458			6,458		6,458
Programs	11,260			11,260		11,260
Miscellaneous revenue	1,608			1,608		1,608
Total Revenues	<u>4,847,108</u>	<u>2,486</u>	<u>0</u>	<u>4,849,594</u>	<u>0</u>	<u>4,849,594</u>
Expenditures/Expenses For						
Library Services:						
Salaries and wages	2,171,640			2,171,640	8,187	2,179,827
Employee benefits	966,485			966,485	411,558	1,378,043
Library materials and programs	567,427			567,427		567,427
Library operations	246,947			246,947		246,947
Building operations	189,398			189,398		189,398
Capital outlay	26,622	804,543		831,165	(831,165)	
Depreciation					147,969	147,969
Amortization					12,112	12,112
Debt Service:						
Leases - principal	12,112			12,112	(12,112)	
Leases - interest	734			734		734
Total Expenditures/Expenses	<u>4,181,365</u>	<u>804,543</u>	<u>0</u>	<u>4,985,908</u>	<u>(263,451)</u>	<u>4,722,457</u>
Excess (Deficiency) Of Revenues Over Expenditures	665,743	(802,057)	0	(136,314)	263,451	
Other Financing Sources/Uses:						
Transfers- internal activities	(741,492)	741,492		0		
Total Other Financing Sources/Uses	<u>(741,492)</u>	<u>741,492</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	(75,749)	(60,565)	0	(136,314)	136,314	
Change In Net Position					127,137	127,137
Fund balance/Net Position- beginning of the year	<u>8,990,209</u>	<u>83,360</u>	<u>155,755</u>	<u>9,229,324</u>	<u>(4,007,781)</u>	<u>5,221,543</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 8,914,460</u>	<u>\$ 22,795</u>	<u>\$ 155,755</u>	<u>\$ 9,093,010</u>	<u>\$ (3,744,330)</u>	<u>\$ 5,348,680</u>

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

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Management Focus, Basis of Accounting and Financial Statement Presentation:
(Continued)

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board and the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due. The Library reports on the following funds:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its 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, 2023

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, 2023**

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. **Right to Use Assets:** The Library has recorded right to use lease assets as a result of implementing GASB No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.
- K. **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	7-10 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 \$6,349,124 (excludes petty cash and U.S. Treasury Bills) and the bank balance was \$6,416,891. Of the bank balance, \$370,932 was covered by federal depository insurance. The remaining balance of \$6,045,959 was covered by collateral held by the Library's agent.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: Investments

Generally, fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the twelve months ended June 30, 2023. The Library recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the twelve months ended June 30, 2023. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2023 were determined based on:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Market Value
Investment in Treasury Bills:			
T-bill - maturing 09/14/23 yielding 4.895%	\$ 1,952,478	\$ 0	\$ 1,952,478
T-bill - maturing 12/28/23 yielding 5.445%	<u>973,635</u>	<u>0</u>	<u>973,635</u>
Total Investment in Treasury Bills	<u>\$ 2,926,113</u>	<u>\$ 0</u>	<u>\$ 2,926,113</u>

NOTE 5: Right to Use Leased Assets

The Library has recorded two right to use leased assets. They are for copier and postal equipment. These right to use assets are amortized over the terms of their related leases and at the same rate as the lease payment schedule.

The following is a summary of the right to use asset activity for the year ended June 30, 2023:

	Balance as of 7/1/2022	Increases	Decreases	Balance as of 6/30/2023
Right to use assets:				
Leased copier equipment	\$ 34,850	\$ 0	\$ 0	\$ 34,850
Leased postage machine	<u>3,049</u>	<u>0</u>	<u>0</u>	<u>3,049</u>
Total right to use assets	<u>37,899</u>	<u>0</u>	<u>0</u>	<u>37,899</u>
Less accumulated amortization	<u>(1,684)</u>	<u>(12,112)</u>	<u>0</u>	<u>(13,796)</u>
Right to use assets, net	<u>\$ 36,215</u>	<u>\$ (12,112)</u>	<u>\$ 0</u>	<u>\$ 24,103</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: Capital Assets

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

	Balance as of 7/1/2022	Additions	Deletions	Balance as of 6/30/2023
Assets not being depreciated:				
Fine arts	\$ 2,070	\$ 0	\$ 0	\$ 2,070
Land	501,146	0	0	501,146
Construction in progress	282,724	62,306	0	345,030
Other capital assets:				
Computer equipment	209,418	19,473	(720)	228,171
Other equipment	381,941	2,550	(2,518)	381,973
Furniture and fixtures	581,793	21,794	(1,954)	601,633
Vehicles	49,270	3,010	0	52,280
Leasehold improvements	74,555	0	0	74,555
Building and building improvements	3,092,078	722,032	0	3,814,110
Total	5,174,995	831,165	(5,192)	6,000,968
Accumulated depreciation	(2,992,688)	(147,969)	5,192	(3,135,465)
Net Book Value	\$ <u>2,182,307</u>	\$ <u>683,196</u>	\$ <u>0</u>	\$ <u>2,865,503</u>

NOTE 7: Accounts Payable

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

NOTE 8: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2023 for unused sick and vacation pay amounting to \$202,173. This represents an increase of \$8,813 from the previous year. The Library expects to pay \$7,720 of this liability within the next twelve months.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9: Long Term Debt

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

	<u>Balance</u>			<u>Balance</u>	<u>Non-current liabilities</u>	
	<u>7/1/2022</u>	<u>Increases</u>	<u>Reductions</u>	<u>6/30/2023</u>	<u>Due within</u>	<u>Due after</u>
					<u>one year</u>	<u>one year</u>
Compensated absences	\$ 193,360	\$ 8,813	\$ 0	\$ 202,173	\$ 7,720	\$ 194,453
Net pension liability	0	1,568,427	0	1,568,427	0	1,568,427
Lease liability	36,215	0	12,112	24,103	12,404	11,699
Other post-employment benefits payable	<u>5,033,417</u>	<u>110,760</u>	<u>0</u>	<u>5,144,177</u>	<u>0</u>	<u>5,144,177</u>
	<u>\$ 5,262,992</u>	<u>\$ 1,688,000</u>	<u>\$ 12,112</u>	<u>\$ 6,938,880</u>	<u>\$ 20,124</u>	<u>\$ 6,918,756</u>

NOTE 10: Lease Liability

The Library entered into two copier lease agreements. The agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of inception.

The first agreement was executed on May 6, 2021 and requires 16 quarterly payments of \$195. The lease liability is measured at a discount rate of 1.07%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$1,541 at June 30, 2023.

The second agreement was executed on May 24, 2022 and requires 36 monthly payments of \$1,005. The lease liability is measured at a discount rate of 2.48%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$22,562 at June 30, 2023.

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

<u>Year Ended</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>		<u>Payments</u>	<u>Payments</u>	<u>Payments</u>
2024	\$	12,404	\$ 441	\$ 12,845
2025		11,699	141	11,840
2026		<u>0</u>	<u>0</u>	<u>0</u>
Total	\$	<u>24,103</u>	<u>\$ 582</u>	<u>\$ 24,685</u>

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: Retirement Plan

A. **Plan Description and Benefits Provided:** The Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Library also participates in the Public Employees' Group Life Insurance plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website.

B. **Benefits Provided:** The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: Retirement Plan (Continued)

B. Benefits Provided: (Continued)

Tiers 1 and 2 (Continued)

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

Tiers 3, 4, and 5

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: **Retirement Plan (Continued)**

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

Tier 6

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with five or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous four years.

Disability Retirement Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: **Retirement Plan (Continued)**

B. Benefits Provided: (Continued)

Post-Retirement Benefit Increases (Continued)

An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible 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 System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$215,219, for the 2022 fiscal year it was \$288,173 and for the 2021 fiscal year it was \$258,067.

- D. Pension Assets, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2023, the Port Jefferson Free Library reported a liability of \$1,568,427 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total 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, 2023, the Port Jefferson Free Library's proportion was 0.007314 percent, which was an increase of .0002642 percent from its proportion measured at June 30, 2022.

For the year ended June 30, 2023, the Port Jefferson Free Library recognized pension expense of \$532,269.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: Retirement Plan (Continued)

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

At June 30, 2023, the 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	\$ 167,050	\$ 44,047
Changes in assumptions	761,729	8,419
Net difference between projected and actual investment earnings on pension plan investments	0	9,214
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,980	57,700
Library's contributions subsequent to the measurement date	<u>64,711</u>	<u>0</u>
Total	<u>\$ 1,019,470</u>	<u>\$ 119,380</u>

\$64,711 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 asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2024	\$ 194,438
2025	(97,943)
2026	314,881
2027	424,003
2028	<u>0</u>
Total	<u>\$ 835,379</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: Retirement Plan (Continued)

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

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

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
Total	<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 measure the total pension liability (asset) was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption – The following presents the current-period net pension liability (asset) of the Library, calculated using the current-period discount rate assumption of 5.90 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.90 percent) or 1 percentage- point higher (6.90 percent) than the current assumption:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Library's proportionate share of the net pension liability (asset) \$	3,790,215	\$ 1,568,427	\$ (288,136)

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

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

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12: 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 that which was provided to the employee at the time of their retirement, as shown below, and 75% of the additional cost of a family policy premium.

Hired prior to July 1, 2014:

<u>Year of Retirement</u>	<u>Library Contribution</u>
2018-2019	88.75%
2019-2020	87.50%
2020-2021	86.25%
2021-2022	85.00%
2022+	83.75%

Hired on or after July 1, 2014, but prior to July 1, 2018:

<u>Year of Retirement</u>	<u>Library Contribution</u>
2018-2019	84.50%
2019-2020	84.00%
2020-2021	83.50%
2021-2022	83.00%
2022+	82.50%

Hired on or after July 1, 2018:

<u>Year of Retirement</u>	<u>Library Contribution</u>
2018+	82.50%

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

B. Benefits Provided: (Continued)

For the year ending June 30, 2023, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$143,570 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 \$49,739. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of July 1, 2021, the following employees were covered by the benefit terms:

Active employees	19
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	<u>13</u>
Total	<u><u>32</u></u>

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$5,144,177 was updated through June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021.

D. Actuarial Assumptions and Other Inputs:

Inflation Rate	2.00%
Participant Salary Increases	3.50%
Discount Rate	3.65%
2021 Medical Trend Rates (Pre-65/Post-65)	7.00% / 5.00%
2022 Medical Trend Rates (Pre-65/Post-65)	6.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached	2025/2021

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2023.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted fully generational mortality table with projection scale MP-2021.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

E. Changes in The Total OPEB Liability:

Balance at June 30, 2022	\$ <u>5,033,417</u>
Changes for the year:	
Service cost	189,314
Interest	181,732
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(80,607)
Benefit payments	<u>(179,679)</u>
Net changes	<u>110,760</u>
Balance at June 30, 2023	\$ <u><u>5,144,177</u></u>

Note: For the purpose of calculating this liability, there have been no plan changes. The assumption changes were the updating of the pre-65 healthcare cost trend rates and the mortality improvement scale. The discount rate was 3.54% at June 30, 2022 and was 3.65 % at June 30, 2023.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB Liability	\$ 5,947,757	\$ 5,144,177	\$ 4,487,257

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

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

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates –
The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (5.00% decreasing to 4.00%) or 1 percentage point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (5.00% Decreasing to 4.00%)	Healthcare Cost Trend Rate (6.00% Decreasing to 5.00%)	1% Increase (7.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 4,310,868	\$ 5,144,177	\$ 6,228,262

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB: For the year ending June 30, 2023, the Library recognized OPEB expense of \$282,726. At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 474,899	\$ 560,025
Changes in assumptions	<u>591,898</u>	<u>1,101,918</u>
Total	<u>\$ 1,066,797</u>	<u>\$ 1,661,943</u>

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12: Post-employment Benefits Other Than Pensions (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB: (Continued)

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>
2024	\$ (88,320)
2025	(88,320)
2026	(87,837)
2027	(70,879)
2028	(90,731)
Thereafter	<u>(169,059)</u>
Total	<u><u>\$ (595,146)</u></u>

NOTE 13: Funds Committed For Specific Purposes

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

	<u>Balance as of 7/1/2022</u>	<u>Funds Committed (Uncommitted)</u>	<u>Funds Received (Expended)</u>	<u>Balance as of 6/30/2023</u>
Funds Committed For:				
Computers	\$ 23,927	\$ 0	\$ (19,473)	\$ 4,454
Special projects	266,716	0	0	266,716
Budget stabilization fund	840,071	0	0	840,071
Retirement	134,112	0	0	134,112
Building and grounds	170,000	0	0	170,000
Roof repair	85,000	0	(85,000)	0
Compensated absences	107,391	0	(4,940)	102,451
Other post-employment benefits	<u>2,507,905</u>	<u>150,000</u>	<u>0</u>	<u>2,657,905</u>
Total	<u><u>\$ 4,135,122</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ (109,413)</u></u>	<u><u>\$ 4,175,709</u></u>

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14: 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 \$ 9,093,010
Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds 2,865,503
- Right to use assets are not financial resources, and are not reported in the funds 24,103
- Deferred outflows on OPEB is not reported in the funds 1,066,797
- Deferred outflows on pension is not reported in the funds 1,019,470
- Compensated absences are included as a liability in the funds (202,173)
- Net pension liability is not included in the funds (1,568,427)
- Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds (5,144,177)
- Lease liability payments due in future periods are not reported in the funds (24,103)
- Deferred inflows on OPEB is not reported in the funds (1,661,943)
- Deferred inflow on pension is not reported in the funds (119,380)

Total Net Position - Full Accrual Basis \$ 5,348,680

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (Continued)

Net Change in Fund Balance - Modified Accrual Basis **\$ (136,314)**

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	831,165
Depreciation expense	(147,969)
Amortization expense	(12,112)

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

Compensated absences	(8,813)
Post-employment health costs	(103,047)
Net pension expenses	(307,885)

- Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability:

Principal paid on lease liability	<u>12,112</u>
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Change In Net Position - Full Accrual Basis **\$ 127,137**

PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Related Items:				
Tax revenues	\$ 3,307,075	\$ 3,307,075	\$ 3,307,149	\$ 74
Payments in lieu of taxes	<u>125,000</u>	<u>125,000</u>	<u>152,441</u>	<u>27,441</u>
Total Tax Related Items	<u>3,432,075</u>	<u>3,432,075</u>	<u>3,459,590</u>	<u>27,515</u>
Operating Revenue:				
Contract services	1,153,500	1,153,500	1,243,998	90,498
State aid and other grants	2,500	2,500	2,268	(232)
Passport income	10,000	10,000	41,959	31,959
Fines	500	500	765	265
Lost and damaged materials	3,000	3,000	2,172	(828)
Copier and printer revenue	3,000	3,000	3,259	259
Interest income	10,000	10,000	68,603	58,603
E-rate reimbursement	2,500	2,500	5,168	2,668
Gifts and donations	3,000	3,000	6,458	3,458
Programs	6,000	6,000	11,260	5,260
Miscellaneous	<u>200</u>	<u>200</u>	<u>1,608</u>	<u>1,408</u>
Total Operating Revenue	<u>1,194,200</u>	<u>1,194,200</u>	<u>1,387,518</u>	<u>193,318</u>
Transfer From Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 4,626,275</u>	<u>\$ 4,626,275</u>	<u>\$ 4,847,108</u>	<u>\$ 220,833</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 1,115,000	\$ 1,115,000	\$ 1,130,378	\$ (15,378)
Clerical	890,000	890,000	890,519	(519)
Custodial	175,000	175,000	125,100	49,900
Security	30,000	30,000	25,643	4,357
Total Salaries and Wages	<u>2,210,000</u>	<u>2,210,000</u>	<u>2,171,640</u>	<u>38,360</u>
Employee Benefits:				
Employee insurance benefits	577,700	577,700	562,319	15,381
Post-retirement health	150,000	150,000	0	150,000
Retirement	304,150	304,150	226,125	78,025
Payroll taxes	169,000	169,000	156,520	12,480
Workers compensation	24,000	24,000	21,521	2,479
Total Employee Benefits	<u>1,224,850</u>	<u>1,224,850</u>	<u>966,485</u>	<u>258,365</u>
Library Materials And Programs:				
Books	224,525	224,525	213,314	11,211
Programs and program supplies	185,000	185,000	160,178	24,822
Audio/visual	83,500	83,500	68,918	14,582
Periodicals / print and non-print	18,000	18,000	16,064	1,936
Computer services / OPAC / basic service fee	119,500	119,500	108,953	10,547
Total Library Materials And Programs	<u>630,525</u>	<u>630,525</u>	<u>567,427</u>	<u>63,098</u>
Library Operations:				
Library and office supplies	51,700	51,700	75,908	(24,208)
Telecommunications	13,700	13,700	9,733	3,967
Postage and shipping	21,000	21,000	20,135	865
Publicity and printing	34,000	34,000	29,014	4,986
Conference and travel	5,000	5,000	6,223	(1,223)
Professional fees, dues and payroll fees	43,000	43,000	74,249	(31,249)
Library insurance	32,000	32,000	30,304	1,696
Miscellaneous	0	0	1,381	(1,381)
Total Library Operations	<u>\$ 200,400</u>	<u>\$ 200,400</u>	<u>\$ 246,947</u>	<u>\$ (46,547)</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Building Operations:				
Utilities	\$ 95,000	\$ 95,000	\$ 68,961	\$ 26,039
Building and grounds repair/improvement	22,500	22,500	25,290	(2,790)
Equipment rental and repair	16,500	16,500	826	15,674
Service contracts	21,000	21,000	19,394	1,606
Building and grounds maintenance	30,000	30,000	27,838	2,162
Rent - 150 East Main Street	48,000	48,000	47,089	911
Total Building Operations	<u>233,000</u>	<u>233,000</u>	<u>189,398</u>	<u>43,602</u>
Capital Outlay:				
Equipment, furniture and fixtures	<u>60,000</u>	<u>60,000</u>	<u>26,622</u>	<u>33,378</u>
Total Capital Outlay	<u>60,000</u>	<u>60,000</u>	<u>26,622</u>	<u>33,378</u>
Debt Service:				
Leases - principal			12,112	
Leases - interest			734	
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>12,846</u>	<u>(12,846)</u>
Total Expenditures	<u>4,558,775</u>	<u>4,558,775</u>	<u>4,181,365</u>	<u>377,410</u>
Other Financing Uses:				
Transfers to Capital Fund	<u>67,500</u>	<u>67,500</u>	<u>741,492</u>	<u>(673,992)</u>
Total Other Financing Uses	<u>67,500</u>	<u>67,500</u>	<u>741,492</u>	<u>(673,992)</u>
Total Expenditures And Other Financing Uses	<u>4,626,275</u>	<u>4,626,275</u>	<u>4,922,857</u>	<u>(296,582)</u>
Excess Of Expenditures And Other Financing Uses Over Revenues	<u>0</u>	<u>0</u>	<u>(75,749)</u>	<u>(75,749)</u>
Budgetary fund balance- beginning of year	<u>8,990,209</u>	<u>8,990,209</u>	<u>8,990,209</u>	<u>8,990,209</u>
Budgetary Fund Balance- End Of Year	<u>\$ 8,990,209</u>	<u>\$ 8,990,209</u>	<u>\$ 8,914,460</u>	<u>\$ 8,914,460</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 2023 FISCAL YEAR**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.00731%	0.00705%	0.00686%	0.00708%	0.00677%	0.00730%	0.00691%	0.00667%	0.00705%
Library's proportionate share of the net pension liability (asset)	\$1,568,427	(\$576,288)	\$6,832	\$1,874,884	\$479,589	\$235,703	\$649,058	\$1,070,352	\$238,092
Library's covered-employee payroll	\$1,848,684	\$1,755,618	\$1,769,804	\$1,903,231	\$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	84.84%	(32.83%)	0.39%	98.51%	25.92%	13.07%	36.51%	63.96%	13.71%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	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 2023 FISCAL YEAR

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 215,219	\$ 288,173	\$ 258,067	\$ 276,321	\$ 264,512	\$ 260,717	\$ 314,483	\$ 287,294	\$ 311,343
Contributions in relation to the contractually required contribution	215,219	288,173	258,067	276,321	264,512	260,717	314,483	287,294	311,343
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library's covered-employee payroll	\$ 1,848,684	\$ 1,755,618	\$ 1,769,804	\$ 1,903,231	\$ 1,850,392	\$ 1,802,755	\$ 1,777,940	\$ 1,673,588	\$ 1,736,449
Contributions as a percentage of covered-employee payroll	11.64%	16.41%	14.58%	14.52%	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

	2023	2022	2021	2020	2019	2018
Service Cost	\$ 189,314	\$ 265,136	\$ 217,635	\$ 157,285	\$ 175,991	\$ 185,783
Interest	181,732	132,497	117,941	148,793	189,087	176,217
Changes of benefit terms	0	0	0	(32,198)	0	0
Differences between expected and actual experience	0	607,739	0	(1,031,617)	0	0
Changes in assumptions or other inputs	(80,607)	(1,227,096)	43,136	809,495	288,075	(215,346)
Benefit payments	(179,679)	(178,977)	(126,687)	(146,822)	(170,366)	(175,994)
Net Change in total OPEB liability	110,760	(400,701)	252,025	(95,064)	482,787	(29,340)
Total OPEB liability- beginning	5,033,417	5,434,118	5,182,093	5,277,157	4,794,370	4,823,710
Total OPEB liability- ending	<u>\$ 5,144,177</u>	<u>\$ 5,033,417</u>	<u>\$ 5,434,118</u>	<u>\$ 5,182,093</u>	<u>\$ 5,277,157</u>	<u>\$ 4,794,370</u>
Covered-employee payroll	\$ 1,439,725	\$ 1,404,610	\$ 1,300,899	\$ 1,269,170	\$ 1,293,845	\$ 1,262,288
Total OPEB liability as a % of covered-employee payroll	357.30%	358.35%	417.72%	408.31%	407.87%	379.82%
Notes to schedule:						
Assumption changes:						
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2021	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	6.5% down to 5.0%	7.0% down to 5.0%	7.0% down to 4.5%	7.5% down to 4.5%	8.5% down to 5.0%	9.0% down to 5.0%
Plan changes:	None	None	None	***	Library pays 90% of cost of retiree & 75% of cost of spouse	

*** Changed cost sharing for those hired on or after June 1, 2002: Library will pay percentage of cost that was provided to active employee at the time of retirement.

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