

PORT JEFFERSON FREE LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2025

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, 2025, 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, 2025, 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.



Certified Public Accountants
Stewart Manor, New York
November 10, 2025

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>2025</u>	<u>June 30,</u> <u>2024</u>	<u>Increase</u> <u>(Decrease)</u>
Assets:			
Current assets	\$ 8,925	\$ 9,743	\$ (818)
Right to use assets	28	12	16
Capital assets	<u>4,535</u>	<u>3,354</u>	<u>1,181</u>
Total Assets	<u>13,488</u>	<u>13,109</u>	<u>379</u>
Deferred Outflows of Resources	<u>1,159</u>	<u>1,738</u>	<u>(579)</u>
Liabilities:			
Long-term debt	5,119	5,701	(582)
Other liabilities	<u>381</u>	<u>568</u>	<u>(187)</u>
Total Liabilities	<u>5,500</u>	<u>6,269</u>	<u>(769)</u>
Deferred Inflows of Resources	<u>2,632</u>	<u>2,839</u>	<u>(207)</u>
Net Position:			
Net investment in capital assets	4,535	3,354	1,181
Restricted	1	1	0
Unrestricted	<u>1,979</u>	<u>2,384</u>	<u>(405)</u>
Total Net Position	<u>\$ 6,515</u>	<u>\$ 5,739</u>	<u>\$ 776</u>
Revenue:			
Tax revenues	\$ 3,443	\$ 3,375	\$ 68
Contract services	1,219	1,200	19
Other revenue	<u>501</u>	<u>521</u>	<u>(20)</u>
Total Revenue	5,163	5,096	67
Expenses - Library Services	<u>4,387</u>	<u>4,706</u>	<u>(319)</u>
Change in net position	776	390	386
Net Position - beginning of year	<u>5,739</u>	<u>5,349</u>	<u>390</u>
Net position - End of Year	<u>\$ 6,515</u>	<u>\$ 5,739</u>	<u>\$ 776</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library As A Whole

- The Library's net assets increased by \$776,336 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 24 percent of total revenue, and property taxes represented 67 percent of total revenue. In the prior year these revenue items represented 24 percent and 66 percent of total revenue respectively.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 72 percent of the Library's total expenses. These expenses totaled \$3,174,609 for the year ending June 30, 2025 versus \$3,478,539 for the year ending June 30, 2024.

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 \$9,281,257 to \$8,382,849. This is primarily the result of the transfer from the General Fund to the Capital Fund combined with the budgetary highlights described below. The fund balance of the Capital Fund increased during the year from a deficit of \$263,032 to \$1,413. The fund balance of the Debt Service Fund increased during the year from \$156,919 to \$159,853.

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 \$30,265. This was due to having several more complexes that were built in the Village after the budget had been completed. As a result, this line continues to increase in revenue.
- The favorable variance in the budget line for passport income was \$5,559. Although the Library had increased the amount budgeted from the previous year, passport traffic has continued to increase which resulted in higher income than anticipated.
- The favorable variance in interest income was due to interest rates remaining higher than anticipated. The Library was able to maximize income by purchasing Treasury Bills.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The favorable variance in the budget line for gifts and donations income was due to the generosity of the Friends of the Library as well as the community who had made donations in memory of two of its patrons who had passed away.
- The budget line for program revenues had a favorable variance of \$10,326. As the Library continues to introduce new and exciting bus trips through its Adult Services Department, program income has been rising more than anticipated.
- The budget line for workers compensation was underspent by \$5,854. The Library attributes this to switching insurance carriers in the prior year which resulted in lower premiums.
- The budget line for books was underspent because patrons have been migrating to materials in an electronic format as opposed to the print format for traditional books and reference materials.
- The budget line for programs and program supplies was underspent by \$47,238. The Library attributes this to budgeting for social workers for its Helping Hands Program. The Library budgeted for increased expenses that did not materialize. Additionally, one less bus trip was scheduled than was budgeted for.
- The budget line for audio/visual materials was underspent by \$29,601. Although purchasing has resumed since the pandemic, demand for these materials remains lower than expected. In upcoming years the Library will be reallocating some of these funds to other budget lines.
- 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 lines for postage and shipping as well as publicity and printing were both underspent. The Library attributes these savings to its decision not to do its Annual Giving Letter. In addition, fewer promotional materials were produced than anticipated.
- The budget line for conference and travel was underspent by \$5,672. The Library attributes this to the fact that fewer department heads attended conferences than expected.
- The budget line for professional fees and dues was overspent by \$10,954. Due to having a staff member who handled IT services resign, the Library was required to hire an IT consultant. In addition, more legal services were required than anticipated. Lastly, payroll processing costs increased more than expected.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for miscellaneous expense was overspent by \$7,067. The majority of these expenditures were for banking and merchant services fees. The Library was able to renegotiate its banking relationship which will lower or eliminate these costs in the future.
- The budget line for utilities was underspent by \$10,930. The Library attributes this to budgeting conservatively for costs associated with the new Teen Center.
- The budget lines for building and grounds repair/improvement as well as for service contracts were both underspent. The Library attributes these savings to the hiring of its new Maintenance Custodian and IT staff whom have been able to conduct more services in-house as opposed to hiring outside contractors.
- 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.
- The budget line for building and grounds maintenance was overspent because the Library needed to clean the building's ductwork in order to maintain clean quality air. This expense had not been budgeted for.
- The budget line for rent was underspent by \$24,484. Due to the progress of the renovation project, the Library was able to move out of the rental space earlier than anticipated.
- The unfavorable variance in the budget line for right to use assets, and the favorable variance in the budget line for other financing sources, are directly related. Due to the issuance of Governmental Accounting Standard No. 87, once the Library signed the leases for its office equipment, it was required to reflect the present value of future minimum payments as a right to use asset. The funding provided by the leasing company is considered an other financing source.

Capital Assets:

During the fiscal year the Library purchased \$1,418,984 of fixed assets (capital outlay) and \$27,942 of right to use assets (leased equipment). The majority of these expenditures were paid from the Capital Fund and were primarily related to the Teen Center Renovation Project. 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 \$38,106 of obsolete furniture and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Debt Administration:

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 liability at June 30, 2025 was \$1,048,832, which is a decrease of 50,084. The liability for compensated absences at June 30, 2025 was \$229,412. This represents an increase of \$19,526 from the previous year. During the fiscal year, the Library signed two new lease agreements for office equipment valued at \$27,942. The Library also made principal payments of \$11,699. The obligation for other post-employment benefits at June 30, 2025 was \$3,812,977. This represents a decrease of \$568,000 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2025-2026 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$3,509,519. This is a 2.00% increase as compared to the 2024-2025 fiscal year budget.

**PORT JEFFERSON FREE LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025**

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 14)	Statement of Net Position
Assets:						
Cash and cash equivalents	\$ 5,587,566	\$ 119,271	\$ 159,853	\$ 5,866,690	\$	\$ 5,866,690
Payments in lieu of taxes receivable	1,829			1,829		1,829
Internal receivables	14,319			14,319	(14,319)	
Prepaid expenses	54,597			54,597		54,597
Security deposit	3,600			3,600		3,600
Investments (note 6)	2,998,109			2,998,109		2,998,109
Right to use assets, net of amortization (note 4)					27,942	27,942
Capital assets, net of depreciation (note 5)					4,535,556	4,535,556
Total Assets	<u>8,660,020</u>	<u>119,271</u>	<u>159,853</u>	<u>8,939,144</u>	<u>4,549,179</u>	<u>13,488,323</u>
Deferred Outflows of Resources:						
Deferred outflows on other post-employment benefits					673,407	673,407
Deferred outflows on pension					485,800	485,800
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,159,207</u>	<u>1,159,207</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,660,020</u>	<u>\$ 119,271</u>	<u>\$ 159,853</u>	<u>\$ 8,939,144</u>	<u>\$ 5,708,386</u>	<u>\$ 14,647,530</u>
Liabilities:						
Accounts payable	\$ 38,476	\$ 103,539	\$	\$ 142,015	\$	\$ 142,015
Accrued payroll and related items	157,352			157,352		157,352
Accrued retirement	81,343			81,343		81,343
Internal payables		14,319		14,319	(14,319)	
Non-current liabilities:						
Compensated absences payable (note 8)					229,412	229,412
Lease liability (note 10)					27,942	27,942
Net pension liability (note 11)					1,048,832	1,048,832
Obligation for other post-employment benefits (note 12)					3,812,977	3,812,977
Total Liabilities	<u>\$ 277,171</u>	<u>\$ 117,858</u>	<u>\$ 0</u>	<u>\$ 395,029</u>	<u>\$ 5,104,844</u>	<u>\$ 5,499,873</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, 2025**

	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	\$	\$	\$	\$	\$ 2,450,928	\$ 2,450,928
Deferred inflows on pension					181,024	181,024
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,631,952</u>	<u>2,631,952</u>
Fund Balances/Net Position:						
Nonspendable (prepaids and deposits)	58,197			58,197	(58,197)	
Restricted for permanent endowment	1,000			1,000	(1,000)	
Committed for specific purposes (note 13)	4,155,698			4,155,698	(4,155,698)	
Assigned for debt service			159,853	159,853	(159,853)	
Assigned for capital projects		1,413		1,413	(1,413)	
Unassigned	4,167,954			4,167,954	(4,167,954)	
Total Fund Balance	<u>8,382,849</u>	<u>1,413</u>	<u>159,853</u>	<u>8,544,115</u>	<u>(8,544,115)</u>	
Total Liabilities, Deferred Inflows of Resources And Fund Balance	<u>\$ 8,660,020</u>	<u>\$ 119,271</u>	<u>\$ 159,853</u>	<u>\$ 8,939,144</u>		
Net Position:						
Net investment in capital assets					4,535,556	4,535,556
Restricted for permanent endowment					1,000	1,000
Unrestricted					1,979,149	1,979,149
Total Net Position					<u>\$ 6,515,705</u>	<u>\$ 6,515,705</u>

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, 2025

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 14)	Statement of Activities
Revenues:						
Tax revenues	\$ 3,443,348			\$ 3,443,348		\$ 3,443,348
Payments in lieu of taxes	170,265			170,265		170,265
Contract services	1,218,983			1,218,983		1,218,983
State aid and other grants	2,362			2,362		2,362
Passport income	31,059			31,059		31,059
Fines and other library charges	8,633			8,633		8,633
Interest income	237,243	4,529	2,934	244,706		244,706
Gifts and donations	26,376			26,376		26,376
Programs	11,326			11,326		11,326
Other income	6,340			6,340		6,340
Total Revenues	<u>5,155,935</u>	<u>4,529</u>	<u>2,934</u>	<u>5,163,398</u>	<u>0</u>	<u>5,163,398</u>
Expenditures/Expenses For						
Library Services:						
Salaries and wages	2,315,838			2,315,838	18,139	2,333,977
Employee benefits	1,085,128			1,085,128	(244,496)	840,632
Library materials and programs	535,142			535,142		535,142
Library operations	242,254			242,254		242,254
Building operations	185,167	74		185,241		185,241
Capital outlay	59,416	1,387,510		1,446,926	(1,446,926)	
Depreciation and amortization					249,675	249,675
Debt Service:						
Leases - principal	11,699			11,699	(11,699)	
Leases - interest	141			141		141
Total Expenditures/Expenses	<u>4,434,785</u>	<u>1,387,584</u>	<u>0</u>	<u>5,822,369</u>	<u>(1,435,307)</u>	<u>4,387,062</u>
Excess (Deficiency) Of Revenues Over Expenditures	721,150	(1,383,055)	2,934	(658,971)	1,435,307	
Other Financing Sources (Uses):						
Lease proceeds	27,942			27,942		
Transfers- internal activities	(1,647,500)	1,647,500		0		
Total Other Financing Sources (Uses)	<u>(1,619,558)</u>	<u>1,647,500</u>	<u>0</u>	<u>27,942</u>	<u>(27,942)</u>	
Excess (Deficiency) Of Revenues And Transfers In Over Expenditures	(898,408)	264,445	2,934	(631,029)	631,029	
Change In Net Position					776,336	776,336
Fund balance/Net Position- beginning of the year	9,281,257	(263,032)	156,919	9,175,144	(3,435,775)	5,739,369
Fund Balance/Net Position- End Of The Year	<u>\$ 8,382,849</u>	<u>\$ 1,413</u>	<u>\$ 159,853</u>	<u>\$ 8,544,115</u>	<u>\$ (2,000,468)</u>	<u>\$ 6,515,705</u>

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

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025**

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, 2025

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, 2025**

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 or amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Website	5 years
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 \$5,865,666 (excludes petty cash and investments in US Treasury bills) and the bank balance was \$5,966,985. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance of \$5,716,985 was covered by collateral held by the Library's agent.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4: Right to Use Leased Assets

The Library has recorded two right to use leased assets for office 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, 2025:

	<u>Balance as of 7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of 6/30/2025</u>
Right to use assets:				
Leased copier equipment	\$ 34,850	\$ 24,670	\$ (34,850)	\$ 24,670
Leased postage machine	3,049	3,272	(3,049)	3,272
Total right to use assets	<u>37,899</u>	<u>27,942</u>	<u>(37,899)</u>	<u>27,942</u>
Less accumulated amortization	<u>(26,200)</u>	<u>(11,699)</u>	<u>37,899</u>	<u>0</u>
Right to use assets, net	<u>\$ 11,699</u>	<u>\$ 16,243</u>	<u>\$ 0</u>	<u>\$ 27,942</u>

NOTE 5: Capital Assets

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

	<u>Balance as of 7/1/2024</u>	<u>Additions</u>	<u>Adjustments & Deletions</u>	<u>Balance as of 6/30/2025</u>
Assets not being depreciated:				
Fine arts	\$ 2,070	\$ 0	\$ 0	\$ 2,070
Land	501,146	0	0	501,146
Construction in progress	696,456	0	(696,456)	0
Assets being depreciated/amortized:				
Website	0	11,940		11,940
Computer equipment	193,834	41,524	(14,500)	220,858
Other equipment	229,093	11,839	(13,482)	227,450
Furniture and fixtures	623,341	116,106	(10,124)	729,323
Vehicles	52,280	0	0	52,280
Leasehold improvements	74,555	0	0	74,555
Building and building improvements	<u>4,064,640</u>	<u>1,237,575</u>	<u>696,456</u>	<u>5,998,671</u>
Total	6,437,415	1,418,984	(38,106)	7,818,293
Accumulated depreciation/amortization	<u>(3,082,867)</u>	<u>(237,976)</u>	<u>38,106</u>	<u>(3,282,737)</u>
Net Book Value	<u>\$ 3,354,548</u>	<u>\$ 1,181,008</u>	<u>\$ 0</u>	<u>\$ 4,535,556</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6: 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, 2025. 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, 2025.

Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2025 were determined based on:

	Quoted Prices	Significant	
	In Active	Other	Total
	Markets For	Observable	Fair Market
	Identical	Inputs	Value
	Assets	(Level 2)	
	(Level 1)		
	<u> </u>	<u> </u>	<u> </u>
\$1,500,000 T-Bill, maturing 8/14/25	\$ 1,492,110	\$ 0	\$ 1,492,110
\$1,531,000 T-Bill, maturing 11/20/25	<u>1,505,999</u>	<u>0</u>	<u>1,505,999</u>
Total Investments	<u>\$ 2,998,109</u>	<u>\$ 0</u>	<u>\$ 2,998,109</u>

NOTE 7: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2025.

NOTE 8: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2025 for unused sick and vacation pay amounting to \$229,412. This represents an increase of \$19,526 from the previous year. The Library does not expect to pay any portion of this liability within the next twelve months.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9: Long Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	Balance			Non-current liabilities		
	7/1/2024	Increases	Reductions	6/30/2025	Due within one year	Due after one year
Compensated absences	\$ 209,886	\$ 19,526	\$ 0	\$ 229,412	\$ 0	\$ 229,412
Net pension liability	1,098,916	0	50,084	1,048,832	0	1,048,832
Lease liability	11,699	27,942	11,699	27,942	6,446	21,496
Other post-employment benefits payable	4,380,977	0	568,000	3,812,977	0	3,812,977
	<u>\$ 5,701,478</u>	<u>\$ 47,468</u>	<u>\$ 629,783</u>	<u>\$ 5,119,163</u>	<u>\$ 6,446</u>	<u>\$ 5,112,717</u>

NOTE 10: Lease Liability

The Library entered into two 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 for postage machine was executed on February 25, 2025 and requires 16 quarterly payments of \$227. The lease liability is measured at a discount rate of 4.43%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$3,272 at June 30, 2025.

The second agreement for copier equipment was executed on June 19, 2025 and requires 36 monthly payments of \$735. The lease liability is measured at a discount rate of 4.00%, 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 \$24,670 at June 30, 2025.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2025, are as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total Payments
2026	\$ 6,446	\$ 1,081	\$ 7,527
2027	9,024	709	9,733
2028	9,396	337	9,733
2029	3,076	39	3,115
Total	<u>\$ 27,942</u>	<u>\$ 2,166</u>	<u>\$ 30,108</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Library also participates in the Public Employees' Group Life Insurance plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website.
- B. **Vesting:** All members are vested when they reach five years of service credit.
- C. **Employer Contributions:** Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for the fiscal year ended March 31, 2025 was approximately 15.2 percent of covered payroll. 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 \$286,443, for the 2024 fiscal year it was \$258,844, and for the 2023 fiscal year it was \$215,219.
- D. **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.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11: Retirement Plan (Continued)

D. Benefits Provided: (Continued)

Tiers 1 and 2 (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 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 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 of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tiers 3, 4, and 5

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3, 4 and 5 members with five 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 of employment. For Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

Tier 6

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

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11: Retirement Plan (Continued)

D. Benefits Provided: (Continued)

Tier 6 (Continued)

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

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

PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11: Retirement Plan (Continued)

D. Benefits Provided: (Continued)

Post-Retirement Benefit Increases (Continued)

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

- E. Member Contributions:** Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

- F. Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2025, the Library reported a liability of \$1,048,832 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025, the Library's proportion was 0.0061172 percent, which was a decrease of .0013462 percent from its proportion measured at June 30, 2024.

For the year ended June 30, 2025, the Library recognized pension expense of \$178,655.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11: Retirement Plan (Continued)

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

At June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 260,327	\$ 12,280
Changes in assumptions	43,986	0
Net difference between projected and actual earnings on pension plan investments	82,288	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,856	168,744
Library's contributions subsequent to the measurement date	<u>81,343</u>	<u>0</u>
Total	<u>\$ 485,800</u>	<u>\$ 181,024</u>

\$81,343 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2026. 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>
2026	\$ 138,966
2027	230,687
2028	(123,513)
2029	(22,707)
2030	<u>0</u>
Total	<u>\$ 223,433</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11: Retirement Plan (Continued)

G. Actuarial Assumptions: The total pension liability at March 31, 2025 was determined by using a roll forward procedure to advance the liability calculated using System assumptions and member demographics from the actuarial valuation completed as of April 1, 2024. Economic assumptions used in the April 1, 2024 actuarial valuation include:

Inflation	2.90%
Salary increases	4.30%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of Living Adjustments	1.50%

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

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11: Retirement Plan (Continued)

G. 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	25.00%	3.54%
International equity	14.00%	6.57%
Private equity	15.00%	7.25%
Real estate	12.00%	4.95%
Opportunistic portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	4.00%	5.55%
Fixed income	22.00%	2.00%
Cash	1.00%	0.25%
Total	<u>100.00%</u>	

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

Discount Rate – The discount rate used to measure the total pension liability 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. 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, 2025**

NOTE 11: Retirement Plan (Continued)

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Library's proportionate share of the net pension (asset) liability	\$ 3,035,453	\$ 1,048,832	\$ (609,997)

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, 2025, in thousands of dollars was as follows:

	Total
Employers' total pension liability	\$ 247,600,239
Plan net position	(230,454,512)
Employers' net pension liability	\$ <u>17,145,727</u>
Ratio of plan net position to the Employers' total pension liability	93.08%

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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%
2022-2023	83.75%
2023+	85.00%

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%
2022-2023	82.50%
2023+	85.00%

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

B. Benefits Provided: (Continued)

Hired on or after July 1, 2018:

<u>Year of Retirement</u>	<u>Library Contribution</u>
2018-2023	82.50%
2023+	85.00%

For the year ending June 30, 2025, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$187,492 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 \$58,822. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

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

Active employees	20
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	14
Total	34

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$3,812,977 was updated through June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

D. Actuarial Assumptions and Other Inputs:

Inflation Rate	2.00%
Participant Salary Increases	3.50%
Discount Rate	5.20%
2023 Medical Trend Rates (Pre-65/Post-65)	8.00% / 5.00%
2024 Medical Trend Rates (Pre-65/Post-65)	7.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached	2029/2023

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

D. Actuarial Assumptions and Other Inputs: (Continued)

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2025.

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

E. Changes in The Total OPEB Liability:

Balance at June 30, 2024	\$ <u>4,380,977</u>
Changes for the year:	
Service cost	150,522
Interest	174,582
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(712,950)
Benefit payments	<u>(180,154)</u>
Net changes	<u>(568,000)</u>
Balance at June 30, 2025	\$ <u><u>3,812,977</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 3.93% at June 30, 2024 and was 5.20% at June 30, 2025.

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 (4.20%) or 1 percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability	\$ 4,358,874	\$ 3,812,977	\$ 3,363,890

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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 (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (6.00% Decreasing to 4.00%)	Healthcare Cost Trend Rate (7.00% Decreasing to 5.00%)	1% Increase (8.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 3,242,617	\$ 3,812,977	\$ 4,544,337

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB: For the year ending June 30, 2025, the Library recognized OPEB expense of \$51,792. At June 30, 2025, 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	\$ 342,059	\$ 929,537
Changes in assumptions	<u>331,348</u>	<u>1,521,391</u>
Total	<u>\$ 673,407</u>	<u>\$ 2,450,928</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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>
2026	\$ (272,829)
2027	(255,871)
2028	(275,723)
2029	(258,788)
2030	(261,708)
Thereafter	<u>(452,602)</u>
Total	<u>\$ (1,777,521)</u>

NOTE 13: Funds Committed For Specific Purposes

A summary of changes in designated funds for the fiscal year ending June 30, 2025 is as follows:

	<u>Balance as of 7/1/2024</u>	<u>Funds Committed (Uncommitted)</u>	<u>Funds Received (Expended)</u>	<u>Balance as of 6/30/2025</u>
Funds Committed For:				
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
Compensated absences	86,894	0	0	86,894
Other post-employment benefits	<u>2,657,905</u>	<u>0</u>	<u>0</u>	<u>2,657,905</u>
Total	<u>\$ 4,155,698</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,155,698</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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	\$ 8,544,115
Amounts reported in the statement of net position are different because:	
• Capital assets are not financial resources, and are not reported in the funds	4,535,556
• Right to use assets are not financial resources, and are not reported in the funds	27,942
• Deferred outflows on OPEB is not reported in the funds	673,407
• Deferred outflows on pension is not reported in the funds	485,800
• Compensated absences are not a liability in the funds	(229,412)
• Net pension liability is not included in the funds	(1,048,832)
• Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds	(3,812,977)
• Lease liability payments due in future periods are not reported in the funds	(27,942)
• Deferred inflows on OPEB is not reported in the funds	(2,450,928)
• Deferred inflow on pension is not reported in the funds	<u>(181,024)</u>
Total Net Position - Full Accrual Basis	<u>\$ 6,515,705</u>

**PORT JEFFERSON FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Net Change in Fund Balance - Modified Accrual Basis \$ (631,029)

Amounts reported in the statement of activities are different because:

- Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives:

Capital outlay	1,418,984
Right to use assets (lease contracts entered)	27,942
Depreciation and amortization expense	(249,675)

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

Compensated absences	(19,526)
Post-employment health costs	128,362
Net pension expenses	117,521

- 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	11,699
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- Lease proceeds are reported as other financing sources in the funds whereas in the statement of activities these proceeds are recorded as a liability (27,942)

Change In Net Position - Full Accrual Basis \$ 776,336

**PORT JEFFERSON FREE LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax Related Items:				
Tax revenues	\$ 3,440,705	\$ 3,440,705	\$ 3,443,348	\$ 2,643
Payments in lieu of taxes	140,000	140,000	170,265	30,265
Total Tax Related Items	<u>3,580,705</u>	<u>3,580,705</u>	<u>3,613,613</u>	<u>32,908</u>
Operating Revenue:				
Contract services	1,170,000	1,170,000	1,218,983	48,983
State aid and other grants	2,000	2,000	2,362	362
Passport income	25,500	25,500	31,059	5,559
Fines	100	100	1,439	1,339
Lost and damaged materials	1,200	1,200	2,721	1,521
Copier and printer revenue	2,000	2,000	4,473	2,473
Interest income	25,000	25,000	237,243	212,243
E-rate reimbursement	3,000	3,000	5,168	2,168
Gifts and donations	2,460	2,460	26,376	23,916
Programs	1,000	1,000	11,326	10,326
Miscellaneous	25	25	1,172	1,147
Total Operating Revenue	<u>1,232,285</u>	<u>1,232,285</u>	<u>1,542,322</u>	<u>310,037</u>
Transfer From Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 4,812,990</u>	<u>\$ 4,812,990</u>	<u>\$ 5,155,935</u>	<u>\$ 342,945</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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 1,275,000	\$ 1,275,000	\$ 1,237,335	\$ 37,665
Clerical	900,000	900,000	879,904	20,096
Custodial	155,000	155,000	167,544	(12,544)
Security	32,000	32,000	31,055	945
Total Salaries and Wages	<u>2,362,000</u>	<u>2,362,000</u>	<u>2,315,838</u>	<u>46,162</u>
Employee Benefits:				
Employee insurance benefits	665,000	665,000	600,896	64,104
Retirement	300,000	300,000	296,175	3,825
Payroll taxes	182,000	182,000	168,911	13,089
Workers compensation	25,000	25,000	19,146	5,854
Total Employee Benefits	<u>1,172,000</u>	<u>1,172,000</u>	<u>1,085,128</u>	<u>86,872</u>
Library Materials And Programs:				
Books	223,500	223,500	187,688	35,812
Programs and program supplies	218,000	218,000	170,762	47,238
Audio/visual	74,500	74,500	44,899	29,601
Periodicals / print and non-print	18,000	18,000	16,160	1,840
Computer services / OPAC / basic service fee	119,000	119,000	115,633	3,367
Total Library Materials And Programs	<u>653,000</u>	<u>653,000</u>	<u>535,142</u>	<u>117,858</u>
Library Operations:				
Library and office supplies	60,000	60,000	73,597	(13,597)
Telecommunications	11,590	11,590	9,078	2,512
Postage and shipping	25,000	25,000	18,985	6,015
Publicity and printing	36,000	36,000	29,063	6,937
Conference and travel	12,000	12,000	6,328	5,672
Professional fees and dues	58,000	58,000	68,954	(10,954)
Library insurance	34,000	34,000	29,182	4,818
Miscellaneous	0	0	7,067	(7,067)
Total Library Operations	<u>\$ 236,590</u>	<u>\$ 236,590</u>	<u>\$ 242,254</u>	<u>\$ (5,664)</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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Building Operations:				
Utilities	\$ 89,400	\$ 89,400	\$ 78,470	\$ 10,930
Building and grounds repair/improvement	30,000	30,000	22,377	7,623
Equipment rental and repair	16,000	16,000	1,006	14,994
Service contracts	26,000	26,000	20,763	5,237
Building and grounds maintenance	32,000	32,000	38,535	(6,535)
Rent - 150 East Main Street	48,500	48,500	24,016	24,484
Total Building Operations	<u>241,900</u>	<u>241,900</u>	<u>185,167</u>	<u>56,733</u>
Capital Outlay:				
Equipment, furniture and fixtures	75,000	75,000	31,474	43,526
Right to use assets	0	0	27,942	(27,942)
Total Capital Outlay	<u>75,000</u>	<u>75,000</u>	<u>59,416</u>	<u>15,584</u>
Debt Service:				
Leases - principal			11,699	
Leases - interest			141	
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>11,840</u>	<u>(11,840)</u>
Total Expenditures	<u>4,740,490</u>	<u>4,740,490</u>	<u>4,434,785</u>	<u>305,705</u>
Other Financing (Sources) Uses:				
Lease proceeds	0	0	(27,942)	27,942
Transfers to Capital Fund	72,500	72,500	1,647,500	(1,575,000)
Total Other Financing (Sources) Uses	<u>72,500</u>	<u>72,500</u>	<u>1,619,558</u>	<u>(1,547,058)</u>
Total Expenditures And Other Financing Uses	<u>4,812,990</u>	<u>4,812,990</u>	<u>6,054,343</u>	<u>(1,241,353)</u>
Excess Of Expenditures And Other Financing Uses Over Revenues	<u>0</u>	<u>0</u>	<u>(898,408)</u>	<u>(898,408)</u>
Budgetary fund balance- beginning of year	9,281,257	9,281,257	9,281,257	9,281,257
Budgetary Fund Balance- End Of Year	<u>\$ 9,281,257</u>	<u>\$ 9,281,257</u>	<u>\$ 8,382,849</u>	<u>\$ 8,382,849</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 2025 FISCAL YEAR**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Library's proportion of the net pension liability (asset)	0.00612%	0.00746%	0.00731%	0.00705%	0.00686%	0.00708%	0.00677%	0.00730%	0.00691%	0.00667%
Library's proportionate share of the net pension liability (asset)	\$1,048,832	\$1,098,916	\$1,568,427	(\$576,288)	\$6,832	\$1,874,884	\$479,589	\$235,703	\$649,058	\$1,070,352
Library's covered-employee payroll	\$1,905,877	\$1,998,494	\$1,848,684	\$1,755,618	\$1,769,804	\$1,903,231	\$1,850,392	\$1,802,755	\$1,777,940	\$1,673,588
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.03%	54.99%	84.84%	(32.83%)	0.39%	98.51%	25.92%	13.07%	36.51%	63.96%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

** 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 2025 FISCAL YEAR**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 286,443	\$ 258,844	\$ 215,219	\$ 288,173	\$ 258,067	\$ 276,321	\$ 264,512	\$ 260,717	\$ 314,483	\$ 287,294
Contributions in relation to the contractually required contribution	<u>286,443</u>	<u>258,844</u>	<u>215,219</u>	<u>288,173</u>	<u>258,067</u>	<u>276,321</u>	<u>264,512</u>	<u>260,717</u>	<u>314,483</u>	<u>287,294</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

Library's covered-employee payroll	\$ 1,905,877	\$ 1,998,494	\$ 1,848,684	\$ 1,755,618	\$ 1,769,804	\$ 1,903,231	\$ 1,850,392	\$ 1,802,755	\$ 1,777,940	\$ 1,673,588
Contributions as a percentage of covered-employee payroll	15.03%	12.95%	11.64%	16.41%	14.58%	14.52%	14.29%	14.46%	17.69%	17.17%

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**

	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 150,522	\$ 157,908	\$ 189,314	\$ 265,136	\$ 217,635	\$ 157,285	\$ 175,991	\$ 185,783
Interest	174,582	163,394	181,732	132,497	117,941	148,793	189,087	176,217
Changes of benefit terms	0	12,130	0	0	0	(32,198)	0	0
Differences between expected and actual experience	0	(778,254)	0	607,739	0	(1,031,617)	0	0
Changes in assumptions or other inputs	(712,950)	(156,686)	(80,607)	(1,227,096)	43,136	809,495	288,075	(215,346)
Benefit payments	(180,154)	(161,692)	(179,679)	(178,977)	(126,687)	(146,822)	(170,366)	(175,994)
Net Change in total OPEB liability	(568,000)	(763,200)	110,760	(400,701)	252,025	(95,064)	482,787	(29,340)
Total OPEB liability- beginning	4,380,977	5,144,177	5,033,417	5,434,118	5,182,093	5,277,157	4,794,370	4,823,710
Total OPEB liability- ending	\$ 3,812,977	\$ 4,380,977	\$ 5,144,177	\$ 5,033,417	\$ 5,434,118	\$ 5,182,093	\$ 5,277,157	\$ 4,794,370
Covered-employee payroll	\$ 1,531,488	\$ 1,494,135	\$ 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	248.97%	293.21%	357.30%	358.35%	417.72%	408.31%	407.87%	379.82%
Notes to schedule:								
Assumption changes:								
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2021	MP-2021	MP-2021	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	7.5% down to 5.0%	8.0% down to 5.0%	6.5% down to 5.0%	7.0% down to 5.0%	7.0% down to 4.5%	7.5% down to 4.5%	8.5% down to 5.0%	9.0% down to 5.0%
Plan changes:	**	**	None	None	None	***	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.
** Changed cost sharing as of July 1, 2023: Library pays 85% of the premium for a new retiree and 75% for their spouse.

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