

COMMACK PUBLIC LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2023

COMMACK PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Commack Public Library
18 Hauppauge Road
Commack, New York 11725

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Commack Public 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 Commack Public 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 Commack Public 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 Commack Public 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 Commack Public 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 Commack Public 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.

Baldwin & Lutz

Certified Public Accountants
Stewart Manor, New York
October 3, 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 the financial statements include information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

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

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase (Decrease)
Assets:			
Current assets	\$ 2,668	\$ 2,632	\$ 36
Net pension asset	0	395	(395)
Right to use assets	5	13	(8)
Capital assets	<u>7,724</u>	<u>7,941</u>	<u>(217)</u>
Total Assets	<u>10,397</u>	<u>10,981</u>	<u>(584)</u>
Deferred Outflow of Resources	<u>1,740</u>	<u>2,094</u>	<u>(354)</u>
Liabilities:			
Long-term debt	12,169	11,500	669
Other liabilities	<u>322</u>	<u>202</u>	<u>120</u>
Total Liabilities	<u>12,491</u>	<u>11,702</u>	<u>789</u>
Deferred Inflow of Resources	<u>936</u>	<u>2,391</u>	<u>(1,455)</u>
Net Position:			
Net investment in capital assets	660	610	50
Restricted	152	140	12
Unrestricted	<u>(2,102)</u>	<u>(1,768)</u>	<u>(334)</u>
Total Net Position	<u>\$ (1,290)</u>	<u>\$ (1,018)</u>	<u>\$ (272)</u>
Revenue:			
Tax revenues	\$ 4,291	\$ 4,233	\$ 58
State Aid and grants	18	5	13
Other revenue	<u>68</u>	<u>15</u>	<u>53</u>
Total Revenue	4,377	4,253	124
Expenses - Library Services	<u>4,649</u>	<u>4,138</u>	<u>511</u>
Change in net position	(272)	115	(387)
Net position - beginning of year	<u>(1,018)</u>	<u>(1,133)</u>	<u>115</u>
Net Position - End of Year	<u>\$ (1,290)</u>	<u>\$ (1,018)</u>	<u>\$ (272)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Library As A Whole

- The Library's net position decreased by \$271,455 this year. The primary reason for this increase is detailed within the Statement of Activities on pages thirteen and fourteen.
- The Library's primary source of revenue is from property taxes, which represents 98 percent of total revenue. In the prior fiscal year, revenue from property taxes were 99 percent.
- 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 (as per the Statement of Activities). In the prior fiscal year, salaries and benefits represented 69 percent of total expenses.

The Library Funds:

Our analyses of the Library's major funds are included in the first four columns of pages 10 through 14 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 has three major funds, the General Fund, the Capital Fund and the Debt Service Fund.

The fund balance of the General Fund increased during the year from \$1,515,571 to \$1,584,907. The fund balance of the Capital Fund decreased from \$775,295 to \$729,666. The fund balance for the Debt Service Fund increased from \$140,303 to \$152,279. Statements detailing the revenues and expenditures for all of these funds are included in this report.

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 budget line for interest income had a favorable variance due to the higher-than-expected interest rates.
- The professional salaries budget line was overspent by \$145,585. The Library attributes this to several promotions as well as the need for additional full-time staff in both the Children's and Adult Departments due to the post-pandemic return of patrons.
- The budget line for custodial/guard salaries was overspent by \$42,419. In order to maintain the cleanliness of the building it was necessary to occasionally pay for coverage and overtime.
- The budget line for Sunday salaries was underspent by \$24,321. This line is difficult to budget for because any number of employees at various salary rates are assigned to staff the Library on Sundays.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The budget line for staff contingency salaries was underspent by \$45,000. The Library uses this line as a budgetary tool to offset potential overages in other salary lines due to changes in staffing, pay rates, promotions, etc.
- The budget line for health insurance was overspent because premiums increased more than anticipated and several additional staff opted for coverage.
- The budget line for Social Security taxes was underspent by \$33,592. Due to difficulty estimating the effect of part-time schedules and retirement pay outs of sick and vacation time, the Library budgeted more for social security than was necessary.
- The budget lines for books, books on CD and DVD's were all underspent for the year. This was due to the following: 1) The Library continues to interlibrary loan a large number of items from other libraries; 2) The Library has weeded out and discontinued many standing order reference materials; and 3) Although DVD's and CD's are still popular, most patrons now have the ability to stream their own movies and music which has dramatically decreased the demand for these materials.
- The budget line for programs was overspent due to the immense popularity of our children's and adult programs. Additional programs had to be offered in order to keep up with patron demand.
- The budget line for online patron services was overspent by \$10,121. The Library attributes this to the fact that Overdrive costs have increased dramatically due to the popularity and increased use of this program throughout the County.
- The budget line for print periodicals and subscriptions was underspent by \$14,249. Due to a decrease in demand for these materials, the Library has discontinued many of its standing order subscriptions. In addition, some periodicals have been discontinued by the publisher and replaced with online subscriptions.
- The budget lines for library supplies and custodial supplies were both underspent. This was due to the purchasing fewer processing and custodial supplies than expected because there was still stock on hand from the previous fiscal year.
- The budget line for legal fees was overspent because the Library required more services than anticipated.
- The budget lines for data processing was underspent because fees did not increase as expected.
- The Library attributes the favorable variance in the budget line for snow removal to the mild winter.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The favorable variance in the budget line for photocopy expense is directly related to the unfavorable variance in the debt service budget section. Due to the issuance of Governmental Accounting Standard No. 87, the Library was required reclassify its obligation for copier leases to long-term debt. As a result, the monthly lease payments were required to be classified as principal and interest payments within the debt service budget section.
- The budget lines for both building repairs and air conditioning were both underspent because fewer repairs were required than had been budgeted. It is difficult to anticipate if or when mechanical equipment will fail and need to be repaired.
- The budget line for insurance was underspent by \$19,016. This was due to the fact that rates did not increase as much as expected.
- The budget line for equipment was overspent by \$6,920. After assessing its technology and systems, the Library opted to upgrade its computers earlier than had been expected.

Capital Assets:

During the fiscal year ending June 30, 2023, the Library purchased \$61,595 of fixed assets (capital outlay). The purchases were for a variety of items such as new signage, furniture, computer equipment, etc.

During the fiscal year the Library discarded obsolete or broken computer equipment that had an estimated historical cost of \$19,938.

Debt Administration:

Long term debt consists of bonds payable, the liability the Library has to its employees for compensated absences, its obligation for other post-employment benefits, its net pension liability and its lease liability. The net pension asset reported in the prior year of \$394,592 reversed and became a net pension liability of \$1,029,210 at June 30, 2023. During the fiscal year ending June 30, 2023 the Library made its annual principal payment on the bonds payable of \$225,000, this reduced the liability at June 30, 2023 to \$6,595,000. Interest, which is paid two times per year, totaled \$247,056. The liability at June 30, 2023 for compensated absences was \$228,131. This represents an increase of \$20,013 from the previous year. The obligation for other post-employment benefits at June 30, 2023 was \$3,841,863. This represents an increase of \$19,133 from the previous year. The Library also made principal payments of \$7,676 on its lease liability reducing the debt at June 30, 2023 to \$5,229.

Currently Known Conditions:

The anticipated tax revenues for the 2023-2024 fiscal year are \$4,369,621. This represents a 1.82% increase over the 2022-2023 fiscal year budget.

COMMACK PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 13)	Statement of Net Position
Assets:						
Cash and cash equivalents	\$ 1,858,762	\$ 416,645	\$	\$ 2,275,407	\$	\$ 2,275,407
Prepaid expenses	15,957			15,957		15,957
Grant receivable		12,543		12,543		12,543
Internal receivables		300,478	74,028	374,506	(374,506)	
Right to use lease assets, net of amortization (note 4)					5,229	5,229
Funds held by fiscal agent (note 8)			364,229	364,229		364,229
Capital assets, net of depreciation (note 5)					7,724,165	7,724,165
Total Assets	<u>1,874,719</u>	<u>729,666</u>	<u>438,257</u>	<u>3,042,642</u>	<u>7,354,888</u>	<u>10,397,530</u>
Deferred Outflows of Resources:						
Deferred outflow on OPEB					970,989	970,989
Deferred outflow on pension					768,957	768,957
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,739,946</u>	<u>1,739,946</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,874,719</u>	<u>\$ 729,666</u>	<u>\$ 438,257</u>	<u>\$ 3,042,642</u>	<u>\$ 9,094,834</u>	<u>\$ 12,137,476</u>

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

**COMMACK PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023**

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 13)	Statement of Net Position
Liabilities:						
Accounts payable	\$ 42,386	\$	\$	\$ 42,386	\$	\$ 42,386
Accrued payroll	106,921			106,921		106,921
Accrued NYS retirement	51,977			51,977		51,977
Accrued interest payable					121,278	121,278
Internal payables	88,528		285,978	374,506	(374,506)	
Non-current liabilities:						
Lease liability (note 12)					5,229	5,229
Unamortized bond premium					469,264	469,264
Compensated absences payable					228,131	228,131
Net pension liability (note 9)					1,029,210	1,029,210
Obligation for other post-employment benefits					3,841,863	3,841,863
Bonds payable (note 7)					6,595,000	6,595,000
Total Liabilities	\$ 289,812	\$ 0	\$ 285,978	\$ 575,790	\$ 11,915,469	\$ 12,491,259

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

**COMMACK PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 13)</u>	<u>Statement of Net Position</u>
Deferred Inflows of Resources:						
Deferred inflows on OPEB	\$	\$	\$	\$	\$	\$
Deferred inflows on pension					890,638	890,638
					<u>45,367</u>	<u>45,367</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>936,005</u>	<u>936,005</u>
Fund Balances/Net Position:						
Nonspendable (prepaid amounts)	15,957			15,957	(15,957)	
Restricted for debt service			152,279	152,279	(152,279)	
Assigned for capital projects		729,666		729,666	(729,666)	
Assigned for 2023-2024 budget	175,000			175,000	(175,000)	
Unassigned	1,393,950			1,393,950	(1,393,950)	
Total Fund Balance	<u>1,584,907</u>	<u>729,666</u>	<u>152,279</u>	<u>2,466,852</u>	<u>(2,466,852)</u>	
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 1,874,719</u>	<u>\$ 729,666</u>	<u>\$ 438,257</u>	<u>\$ 3,042,642</u>		
Net Position:						
Net investment in capital assets					659,901	659,901
Restricted for debt service					152,279	152,279
Unrestricted					<u>(2,101,968)</u>	<u>(2,101,968)</u>
Total Net Position					<u>\$ (1,289,788)</u>	<u>\$ (1,289,788)</u>

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

COMMACK PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Fund	Debt Service Fund	Total	Adjustments (Note 13)	Statement of Activities
Revenues:						
Tax revenues	\$ 4,291,371	\$	\$	\$ 4,291,371	\$	\$ 4,291,371
Library charges and fees	2,624			2,624		2,624
Investment income	19,708	7,912	11,476	39,096		39,096
State Aid and grants	5,429	12,543		17,972		17,972
Lost books	678			678		678
Miscellaneous	10,894	15,000		25,894		25,894
Total Revenues	4,330,704	35,455	11,476	4,377,635	0	4,377,635
Expenditures/Expenses For Library services:						
Salaries and wages	2,101,195			2,101,195	18,591	2,119,786
Employee benefits	890,306			890,306	343,197	1,233,503
Library materials and programs	391,342			391,342		391,342
Library operations	267,963			267,963		267,963
Building operations	118,165	31,409		149,574		149,574
Capital outlay	11,920	49,675		61,595	(61,595)	
Depreciation					277,965	277,965
Amortization					7,676	7,676
Debt service:						
Interest	245		247,056	247,301	(46,020)	201,281
Principal	7,676		225,000	232,676	(232,676)	
Total Expenditures/Expenses	3,788,812	81,084	472,056	4,341,952	307,138	4,649,090
Excess (Deficiency) Of Revenues Over Expenditures	\$ 541,892	\$ (45,629)	\$ (460,580)	\$ 35,683	\$ (307,138)	

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

COMMACK PUBLIC 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 13)</u>	<u>Statement of Activities</u>
Other Financing Sources/Uses:						
Transfers- internal activities	\$ (472,556)	\$ 0	\$ 472,556	\$ 0		
Excess (Deficiency) Of Revenues And Transfers Over Expenditures	69,336	(45,629)	11,976	35,683	<u>(35,683)</u>	
Change In Net Position					(271,455)	(271,455)
Fund balance/net position- beginning of the year	<u>1,515,571</u>	<u>775,295</u>	<u>140,303</u>	<u>2,431,169</u>	<u>(3,449,502)</u>	<u>(1,018,333)</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 1,584,907</u>	<u>\$ 729,666</u>	<u>\$ 152,279</u>	<u>\$ 2,466,852</u>	<u>\$ (3,756,640)</u>	<u>\$ (1,289,788)</u>

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

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Commack Public 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 Management’s 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 Commack Public Library coordinates the raising of its real estate tax revenues with the Commack Union Free School District. 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 investments in capital assets; restricted net position; and unrestricted net position.

COMMACK PUBLIC 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 taxpayers. 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 established to account for resources devoted to construction and renovation of the Library.

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

C. 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 programs that the Library must account for in other funds in accordance with budgetary authorizations.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. 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.

E. 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.

F. 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.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: Summary of Significant Accounting Policies (Continued)

- G. 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.
- H. 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 and obligations of the United States of America.
- I. 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. Land is not depreciated, and 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	7 years
Building and improvements	40 years

NOTE 2: Cash and Cash Equivalents

The Library has defined cash and cash equivalents to include 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 two banks. At year end, the Library's carrying amount of deposits was \$2,274,607 (excludes petty cash of \$800 as well as the funds held by the fiscal agent) and the bank balance was \$2,349,612. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance of \$1,849,612 was covered by collateral held by the Library's agent.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: Right to Use Leased Assets

The Library has recorded one right to use leased asset for leased copier equipment. This right to use asset is amortized over the term of its related lease 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	\$ 37,096	\$ 0	\$ 0	\$ 37,096
Less accumulated amortization for:				
Leased copier equipment	(24,191)	(7,676)	0	(31,867)
Right to use assets, net	<u>\$ 12,905</u>	<u>\$ (7,676)</u>	<u>\$ 0</u>	<u>\$ 5,229</u>

NOTE 5: Capital Assets

A summary of changes in fixed assets for the year ending June 30, 2023 is as follows:

	Balance as of 7/1/2022	Additions	Deletions	Balance as of 6/30/2023
Asset not being depreciated:				
Land	\$ 126,500	\$ 0	\$ 0	\$ 126,500
Other capital assets:				
Building and improvements	8,652,634	49,675	0	8,702,309
Equipment	62,227	11,920	(19,938)	54,209
Furniture and fixtures	535,662	0	0	535,662
Total	9,377,023	61,595	(19,938)	9,418,680
Accumulated depreciation	(1,436,488)	(277,965)	19,938	(1,694,515)
Net Book Value	<u>\$ 7,940,535</u>	<u>\$ (216,370)</u>	<u>\$ 0</u>	<u>\$ 7,724,165</u>

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: Long Term Debt

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

	Balance			Non-current liabilities		
	7/1/2022	Increases	Reductions	Balance 6/30/2023	Due within one year	Due after one year
Lease liability	\$ 12,905	\$ 0	\$ 7,676	\$ 5,229	\$ 5,229	\$ 0
Compensated absences	208,118	20,013	0	228,131	0	228,131
Net pension liability	0	1,029,210	0	1,029,210	0	1,029,210
Other post-employment benefits payable	3,822,730	19,133	0	3,841,863	0	3,841,863
Bond Premium	510,784	0	41,520	469,264	39,991	429,273
General obligation bonds	6,820,000	0	225,000	6,595,000	230,000	6,365,000
	<u>\$ 11,374,537</u>	<u>\$ 1,068,356</u>	<u>\$ 274,196</u>	<u>\$ 12,168,697</u>	<u>\$ 275,220</u>	<u>\$ 11,893,477</u>

NOTE 7: Bonds Payable

In July 2016, the Library authorized the issuance of \$7,835,000 of revenue bonds which are being used to finance the Library renovation project. The bonds are payable in annual principal installments that range from \$190,000 to \$460,000 per year through July 2042. Interest on the bonds is paid semi-annually and the interest rates range from 2.0% to 5.0% over their term. The schedule of future bond payments is as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2024	\$ 230,000	\$ 237,956	\$ 467,956
2025	240,000	228,556	468,556
2026	250,000	217,506	467,506
2027	265,000	204,631	469,631
2028	275,000	195,256	470,256
2029 to 2033	1,465,000	882,934	2,347,934
2034 to 2038	1,740,000	605,400	2,345,400
2039 to 2042	2,130,000	220,002	2,350,002
Total	<u>\$ 6,595,000</u>	<u>\$ 2,792,241</u>	<u>\$ 9,387,241</u>

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8: Funds Held By Fiscal Agent

As part of the agreement with the Dormitory Authority the net proceeds from the sale of the bonds as well as certain reserves were to be held in trust at US Bank. Expenditures from these funds can only be made by the trustee with the approval of the Dormitory Authority. At June 30, 2023 the following funds are being held in trust:

<u>Account Name</u>	<u>Cash</u>	<u>Treasury Obligations</u>	<u>FNMA Note</u>	<u>Total Funds Held</u>
Debt service fund account	\$ 364,229	\$ 0	\$ 0	\$ 364,229

NOTE 9: 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.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: **Retirement Plan:** (Continued)

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

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: **Retirement Plan: (Continued)**

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

Tiers 3, 4, and 5 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 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.

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.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: **Retirement Plan: (Continued)**

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

- C.** **Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$170,874, for the 2022 fiscal year it was \$255,669, and for the 2021 fiscal year it was \$240,718.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: **Retirement Plan: (Continued)**

D. Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: At June 30, 2023, the Library reported a liability of \$1,029,210 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 used to calculate the net 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, 2023, the Library's proportion was 0.0047995 percent, which was a decrease of .0000276 percent from its proportion measured at June 30, 2022.

For the year ended June 30, 2023, the Library recognized pension expense of \$425,922.

At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 109,619	\$ 28,904
Changes in assumptions	499,851	5,524
Net difference between projected and actual earnings on pension plan investments	0	6,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,510	4,892
Library's contributions subsequent to the measurement date	51,977	0
Total	\$ 768,957	\$ 45,367

\$51,977 of 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 liability (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:

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9: Retirement Plan (Continued)

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

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2024	\$ 185,777
2025	(18,625)
2026	222,402
2027	282,059
2028	<u>0</u>
Total	<u>\$ 671,613</u>

E. 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.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9: 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.00%	

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

Discount Rate – The discount rate used to calculate the total pension liability was 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 the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: 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 Library’s proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9 percent, as well as what the Library’s proportionate share of 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 rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Library's proportionate share of the net pension liability (asset)	\$ 2,487,158	\$ 1,029,210	\$ (189,076)

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

	Total
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%

NOTE 10: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2023 for unused sick and vacation pay amounting to \$228,131. This is an increase of \$20,013 from the June 30, 2022 balance of \$208,118. The Library does not expect to pay any of this liability within the next twelve months.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: 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 Commack Public 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 post-employment benefits on an accrual basis.
- B. Benefits Provided:** Contribution requirements are determined by the Library Board. Currently, for retirees under the age of 65, the Library pays 100% of the premium for individual plan premiums and 50% for family plan premiums. For retirees age 65 and over, the Library pays 50% of the premium for individual plan premiums and 35% for family plan premiums. For two employees who retired during 2018 and two employees who retired during 2021 as part of a retirement incentive, the Library pays 100% of the cost for their surviving spouse coverage.

For the year ending June 30, 2023, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$110,513 as an expenditure in the General Fund. Commack Public Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$41,710.

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

Active employees	13
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	14
Total	27

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: Post-employment Benefits Other Than Pensions (Continued)

C. Total Other Post-employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$3,841,863 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 (Pre-65/Post-65)	5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	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.

E. Changes In The Total OPEB Liability:

Balance at June 30, 2022	\$ <u>3,822,730</u>
Changes for the year:	
Service cost	91,399
Interest	135,765
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(48,731)
Benefit payments	<u>(159,300)</u>
Net changes	<u>19,133</u>
Balance at June 30, 2023	\$ <u><u>3,841,863</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.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11: 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 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:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 4,415,723	\$ 3,841,863	\$ 3,369,339

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	\$ 3,251,884	\$ 3,841,863	\$ 4,592,768

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 \$251,933. At June 30, 2023, the Library reported deferred inflows of resources that were related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 534,591	\$ 57,278
Changes in assumptions	436,398	833,360
Total	\$ 970,989	\$ 890,638

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: 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 other than pensions will be recognized in other post-employment benefit expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2024	\$ 24,769
2025	24,769
2026	40,623
2027	32,142
2028	(38,185)
Thereafter	<u>(3,767)</u>
Total	<u>\$ 80,351</u>

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12: Lease Liability

The Library entered into a copier lease agreement. The agreement qualifies as other than a short-term lease under GASB No. 87 and, therefore, has been recorded at the present value of the future minimum payments as of the date of inception.

The agreement was executed in February 2019 and requires 60 monthly payments of \$720. The lease liability is measured at a discount rate of 2.60%, 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 \$5,229 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 June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 5,229	\$ 51	\$ 5,280
2025	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 5,229</u>	<u>\$ 51</u>	<u>\$ 5,280</u>

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13: 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	\$ 2,466,852
Amounts reported in the statement of net position are different because:	
• Right to use assets are not financial resources, and are not reported in the funds	5,229
• Capital assets are not financial resources, and are not reported in the funds	7,724,165
• Deferred outflows on other post-employment benefits is not reported in the funds	970,989
• Deferred outflows on pension is not reported in the funds	768,957
• Accrued bond interest payable is not recorded in the funds	(121,278)
• Lease liability payments due in future periods are not reported in the funds	(5,229)
• Net bond premium to be recognized in future periods is not reported in the funds	(469,264)
• Compensated absences are not included in the funds	(228,131)
• Net pension liabilities are not financial resources, and are not reported in the funds	(1,029,210)
• Obligation for other post-employment benefits, to be paid in future periods is not reported in the funds	(3,841,863)
• Bonds payable in the future are not reportable in the funds	(6,595,000)
• Deferred inflows on other post-employment benefits is not reported in the funds	(890,638)
• Deferred inflows on pension is not reported in the funds	<u>(45,367)</u>
Total Net Position - Full Accrual Basis	<u>\$(1,289,788)</u>

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13: Reconciliation of Fund Financial Statements to Government-wide Financial Statements (Continued)

Net Change in Fund Balance - Modified Accrual Basis	\$	35,683																														
Amounts reported in the statement of activities are different because:																																
<ul style="list-style-type: none"> • 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: <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Capital outlay</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">61,595</td> </tr> <tr> <td>Depreciation expense</td> <td></td> <td style="text-align: right;">(277,965)</td> </tr> <tr> <td>Amortization expense</td> <td></td> <td style="text-align: right;">(7,676)</td> </tr> </table> • (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements: <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Compensated absences</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(20,013)</td> </tr> <tr> <td>Net pension expenses</td> <td></td> <td style="text-align: right;">(249,141)</td> </tr> <tr> <td>Post-employment health costs</td> <td></td> <td style="text-align: right;">(92,634)</td> </tr> <tr> <td>Interest accrued on bonds payable</td> <td></td> <td style="text-align: right;">4,500</td> </tr> <tr> <td>Amortization of bond premium</td> <td></td> <td style="text-align: right;">41,520</td> </tr> </table> • Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability: <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Principal paid on bonds payable</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">225,000</td> </tr> <tr> <td>Principal paid on lease liability</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">7,676</td> </tr> </table> 			Capital outlay		61,595	Depreciation expense		(277,965)	Amortization expense		(7,676)	Compensated absences		(20,013)	Net pension expenses		(249,141)	Post-employment health costs		(92,634)	Interest accrued on bonds payable		4,500	Amortization of bond premium		41,520	Principal paid on bonds payable		225,000	Principal paid on lease liability		7,676
Capital outlay		61,595																														
Depreciation expense		(277,965)																														
Amortization expense		(7,676)																														
Compensated absences		(20,013)																														
Net pension expenses		(249,141)																														
Post-employment health costs		(92,634)																														
Interest accrued on bonds payable		4,500																														
Amortization of bond premium		41,520																														
Principal paid on bonds payable		225,000																														
Principal paid on lease liability		7,676																														
Change In Net Position - Full Accrual Basis	\$	<u>(271,455)</u>																														

COMMACK PUBLIC 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 Revenue				
Commack Union Free School District	\$ 4,291,371	\$ 4,291,371	\$ 4,291,371	\$ 0
Other Operating Revenue:				
Library charges and fees	5,000	5,000	2,624	(2,376)
Interest	1,000	1,000	19,708	18,708
State Aid and grants	5,000	5,000	5,429	429
Lost books	3,000	3,000	678	(2,322)
Miscellaneous	10,000	10,000	10,894	894
Total Operating Revenue	<u>24,000</u>	<u>24,000</u>	<u>39,333</u>	<u>15,333</u>
Transfer from prior year surplus	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 4,315,371</u>	<u>\$ 4,315,371</u>	<u>\$ 4,330,704</u>	<u>\$ 15,333</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 1,090,509	\$ 1,090,509	\$ 1,236,094	\$ (145,585)
Clerical	381,131	381,131	364,350	16,781
Pages	172,528	172,528	156,051	16,477
Custodial/Guards	206,602	206,602	249,021	(42,419)
Sunday	120,000	120,000	95,679	24,321
Staff contingency	45,000	45,000	0	45,000
Total Salaries and wages	<u>2,015,770</u>	<u>2,015,770</u>	<u>2,101,195</u>	<u>(85,425)</u>
Employee Benefits:				
Health insurance	480,000	480,000	540,241	(60,241)
Retirement	185,000	185,000	177,656	7,344
Social Security taxes	184,000	184,000	150,408	33,592
Unemployment insurance	5,000	5,000	0	5,000
Disability insurance	8,000	8,000	6,339	1,661
Workers compensation	16,000	16,000	15,662	338
Total Employee Benefits	<u>\$ 878,000</u>	<u>\$ 878,000</u>	<u>\$ 890,306</u>	<u>\$ (12,306)</u>

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

COMMACK PUBLIC 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)				
Library Materials and Programs:				
Books	\$ 144,000	\$ 144,000	\$ 90,108	\$ 53,892
Programs	140,000	140,000	157,473	(17,473)
Online patron services	88,000	88,000	98,121	(10,121)
Books on CD	20,000	20,000	12,846	7,154
DVD's	27,500	27,500	18,802	8,698
Compact discs	800	800	241	559
Print periodicals and subscriptions	28,000	28,000	13,751	14,249
Total Library Materials and Programs	<u>448,300</u>	<u>448,300</u>	<u>391,342</u>	<u>56,958</u>
Library Operations:				
General supplies	29,000	29,000	25,886	3,114
Library supplies	15,000	15,000	3,727	11,273
Conference and training	3,000	3,000	4,930	(1,930)
Software	10,000	10,000	6,669	3,331
Telephone	10,000	10,000	6,068	3,932
Equipment repair	3,000	3,000	0	3,000
Postage	16,000	16,000	11,840	4,160
Publicity and printing	31,500	31,500	27,432	4,068
Travel	4,000	4,000	1,872	2,128
Legal	20,000	20,000	30,304	(10,304)
Accounting	15,000	15,000	10,900	4,100
Data processing	13,000	13,000	7,873	5,127
Exterminator	800	800	800	0
Snow removal	11,000	11,000	2,107	8,893
Protective service and security	4,000	4,000	1,620	2,380
Photocopy expense	10,000	10,000	4,891	5,109
Automated circulation and catalog	36,000	36,000	39,212	(3,212)
Postage meter	300	300	180	120
Contract services	40,000	40,000	37,546	2,454
Vote	7,000	7,000	4,968	2,032
SCLS fees	31,701	31,701	31,698	3
Administrative fees	0	0	2,579	(2,579)
Membership dues	0	0	2,525	(2,525)
Miscellaneous	2,000	2,000	2,336	(336)
Total Library Operations	<u>\$ 312,301</u>	<u>\$ 312,301</u>	<u>\$ 267,963</u>	<u>\$ 44,338</u>

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

COMMACK PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Expenditures: (continued)				
Building Operations:				
Electric	\$ 65,000	\$ 65,000	\$ 58,584	\$ 6,416
Custodial supplies	21,000	21,000	13,140	7,860
Gas	11,000	11,000	6,975	4,025
Water	6,000	6,000	2,128	3,872
Building repairs	10,000	10,000	1,781	8,219
Air conditioning	12,000	12,000	3,573	8,427
Insurance	51,000	51,000	31,984	19,016
Total Building Operations	<u>176,000</u>	<u>176,000</u>	<u>118,165</u>	<u>57,835</u>
Capital Outlay:				
Equipment	<u>5,000</u>	<u>5,000</u>	<u>11,920</u>	<u>(6,920)</u>
Debt Service:				
Principal - copier lease	0	0	7,676	(7,676)
Interest - copier lease	0	0	245	(245)
Total Debt Service	<u>0</u>	<u>0</u>	<u>7,921</u>	<u>(7,921)</u>
Other Financing Uses:				
Transfer to Debt Service Fund	<u>480,000</u>	<u>480,000</u>	<u>472,556</u>	<u>7,444</u>
Total Other Financing Uses	<u>480,000</u>	<u>480,000</u>	<u>472,556</u>	<u>7,444</u>
Total Expenditures and Other Financing Uses	<u>4,315,371</u>	<u>4,315,371</u>	<u>4,261,368</u>	<u>54,003</u>
Excess Of Revenues Over Expenditures And Other Financing Uses	0	0	69,336	69,336
Budgetary fund balance- beginning of year	<u>1,515,571</u>	<u>1,515,571</u>	<u>1,515,571</u>	<u>1,515,571</u>
Budgetary Fund Balance- End Of Year	<u>\$ 1,515,571</u>	<u>\$ 1,515,571</u>	<u>\$ 1,584,907</u>	<u>\$ 1,584,907</u>

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

COMMACK PUBLIC 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)	0.00480%	0.00483%	0.00468%	0.00407%	0.00437%	0.00441%	0.00478%	0.00478%	0.00493%
Library's proportionate share of the net pension liability (asset)	\$ 1,029,210	\$ (394,592)	\$ 4,660	\$ 1,077,145	\$ 309,396	\$ 142,258	\$ 448,840	\$ 766,621	\$ 166,517
Library's covered-employee payroll	\$ 1,467,228	\$ 1,539,859	\$ 1,619,369	\$ 1,704,171	\$ 1,628,925	\$ 1,579,650	\$ 1,673,886	\$ 1,650,428	\$ 1,652,346
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.147%	(25.625%)	0.288%	63.206%	18.994%	9.006%	26.814%	46.450%	10.078%
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%	90.70%	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.

**COMMACK PUBLIC 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	\$ 170,874	\$ 255,669	\$ 240,718	\$ 252,583	\$ 246,070	\$ 262,999	\$ 261,286	\$ 307,610	\$ 313,026
Contributions in relation to the contractually required contribution	170,874	255,669	240,718	252,583	246,070	262,999	261,286	307,610	313,026
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library's covered-employee payroll	\$ 1,467,228	\$ 1,539,859	\$ 1,619,369	\$ 1,704,171	\$ 1,628,925	\$ 1,579,650	\$ 1,673,886	\$ 1,650,428	\$ 1,652,346
Contributions as a percentage of covered-employee payroll	11.65%	16.60%	14.86%	14.82%	15.11%	16.65%	15.61%	18.64%	18.94%

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

COMMAK PUBLIC LIBRARY
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 91,399	\$ 129,048	\$ 136,722	\$ 97,336	\$ 122,833	\$ 129,107
Interest	135,765	99,979	88,330	112,747	115,710	105,932
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	0	760,993	0	(115,274)	0	0
Changes in assumptions or other inputs	(48,731)	(1,081,100)	31,084	689,204	174,348	(129,685)
Benefit payments	<u>(159,300)</u>	<u>(142,836)</u>	<u>(118,540)</u>	<u>(104,800)</u>	<u>(79,473)</u>	<u>(57,171)</u>
Net Change in total OPEB liability	19,133	(233,916)	137,596	679,213	333,418	48,183
Total OPEB liability- beginning	<u>3,822,730</u>	<u>4,056,646</u>	<u>3,919,050</u>	<u>3,239,837</u>	<u>2,906,419</u>	<u>2,858,236</u>
Total OPEB liability- ending	<u>\$ 3,841,863</u>	<u>\$ 3,822,730</u>	<u>\$ 4,056,646</u>	<u>\$ 3,919,050</u>	<u>\$ 3,239,837</u>	<u>\$ 2,906,419</u>
Covered-employee payroll	\$ 976,628	\$ 952,808	\$ 1,216,219	\$ 1,186,555	\$ 1,350,586	\$ 1,317,645
Total OPEB liability as a % of covered-employee payroll	393.38%	401.21%	333.55%	330.29%	239.88%	220.58%
Notes to schedule:						
Changes of benefit terms: None						
Changes of assumptions:						
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.13%
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%

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