

HUNTINGTON PUBLIC LIBRARY

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

JUNE 30, 2020

HUNTINGTON PUBLIC LIBRARY

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THE AMERICAN INSTITUTE OF
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THE NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Huntington Public Library
338 Main Street
Huntington, New York 11743

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Huntington Public Library as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Huntington Public Library, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of changes in the Library's total OPEB liability and related ratios on pages 5 through 10 and 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Stewart Manor, New York
January 15, 2021

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

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

	June 30, 2020	June 30, 2019	Increase (Decrease)
Assets:			
Current assets	\$ 7,074	\$ 6,987	\$ 87
Capital assets	<u>5,016</u>	<u>4,432</u>	<u>584</u>
Total Assets	<u>12,090</u>	<u>11,419</u>	<u>671</u>
Deferred Outflows of Resources	<u>4,424</u>	<u>1,151</u>	<u>3,273</u>
Liabilities:			
Long-term debt	14,365	12,158	2,207
Other liabilities	<u>547</u>	<u>571</u>	<u>(24)</u>
Total Liabilities	<u>14,912</u>	<u>12,729</u>	<u>2,183</u>
Deferred Inflows of Resources	<u>2,936</u>	<u>671</u>	<u>2,265</u>
Net Position:			
Net investment in capital assets	5,016	4,432	584
Unrestricted	<u>(6,350)</u>	<u>(5,262)</u>	<u>(1,088)</u>
Total Net Position	<u>\$ (1,334)</u>	<u>\$ (830)</u>	<u>\$ (504)</u>
Revenue:			
Tax revenues	\$ 8,949	\$ 8,882	\$ 67
Fines, fees and sales	6	11	(5)
Other revenue	<u>124</u>	<u>264</u>	<u>(140)</u>
Total Revenue	<u>9,079</u>	<u>9,157</u>	<u>(78)</u>
Expenses - Library Services	<u>9,583</u>	<u>9,018</u>	<u>565</u>
Change in net position	(504)	139	(643)
Net position - beginning of year	<u>(830)</u>	<u>(969)</u>	<u>139</u>
Net Position - End of Year	<u>\$ (1,334)</u>	<u>\$ (830)</u>	<u>\$ (504)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Library as A Whole

- The Library's net position decreased by \$503,647 this year. The most significant reason for this decrease was the recognition of an additional \$1,016,466 of actuarially calculated expenses related to its obligation for retirement and other post-employment benefit costs.
- The Library's primary source of revenue is from property tax revenues, which represents 98.6 percent of total revenue. In the prior year revenue from property taxes represented 97.0 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 77.8 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 75.5 percent of the Library's total expenses.

The Library Funds:

Our analyses of the Library's funds are included in the first five columns of pages eleven through fourteen 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, the Grant Fund, and the Trust and Agency Fund.

The fund balance of the General Fund increased during the year from \$5,215,271 to \$6,123,921. The fund balance of the Capital Fund decreased from \$1,201,311 to \$403,255. The fund balance of the Grant Fund remained at a deficit of \$14. The fund balance for the Trust & Agency Fund remained at \$0.

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 Library received less fines, fees and sales income than anticipated. The Library attributes this to the COVID-19 induced building closure that began in March 2020. During that time, the Library did not assess fines for patrons holding outstanding items.
- There were favorable budget variances in the revenue lines for both payments in lieu of taxes as well as other grants and aid. The Library generally budgets conservatively for this income because it is not a guaranteed source of revenue each year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The Library received more interest income than had been budgeted. Despite declining rates, for most of the year the Library was able to invest in certificates of deposit that were earning reasonably competitive interest rates. In addition, due to the building closure, certain major expenditures for planned building projects were postponed and the Library had more funds to invest than had been expected.
- The unfavorable variance in the budget line for donations and miscellaneous income was \$7,281. Due to the Library canceling most of its programming during the pandemic, the Friends of the Library did not make as many donations to subsidize programs as usual. In addition, the Huntington Public Library Foundation, who normally makes several donations was inactive during the pandemic.
- The health insurance budget line was underspent as premiums were lower than anticipated. In addition, with a lower headcount due to attrition, there was fewer eligible employees receiving coverage.
- The budget line for dental and optical insurance was underspent as premiums increased less than expected. In addition, fewer full-time staff than anticipated were eligible for coverage.
- The budget line for workers compensation and disability was underspent by \$33,992. Premiums have continued to decline as a result of minimal claims, older claims being closed out, and an overall decrease in payroll expenses.
- The Library materials and programs budget section was underspent by \$103,927. The Library attributes this to the underspending in the budget line for books, electronic resources, DVD's, etc. Due to the COVID-19 related building closure, the Library was unable to continue its ordering and receiving of books and other physical materials. In addition, the Library was forced to cancel its onsite programming. Alternately, demand for downloadables increased and that budget line was overspent.
- The budget line for library and general supplies was underspent by \$5,752. Although the Library was required to unexpectedly purchase personal protective equipment and disinfectants in response to the pandemic, this budget line was still underspent because of the savings realized while the building as closed.
- Due to bundling its phone and internet service into one package with its provider, the Library was able to achieve significant savings. The Library also posted its expenses related to its hotspots, that were circulated to patrons, to the library services/materials section of the financial statement. As a result, the budget lines for telecommunications and telephone services were both underspent.
- The budget line for integrated library system has a favorable variance because anticipated price increases were not realized.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The budget line for software/automation was underspent because not all software subscriptions were renewed.
- The budget line for travel and professional meetings was underspent by \$21,285. Due to the pandemic, most trips and meetings were cancelled.
- The budget line for equipment maintenance and repair was underspent by \$7,022. The Library's copy/print equipment maintenance contracts are on a "pay by copy" model. Since there was no usage during the pandemic induced building closure, less was spent than anticipated.
- The budget line for minor furniture and equipment was underspent by \$15,964. This was primarily due to opting to pay for most of the costs related to the first-floor renovation out of the Capital fund as opposed to the General Fund.
- The budget line for insurance was underspent by \$20,884. This was partially due to budgeting too conservatively and partially because the Library received a safety dividend from their insurance carrier.
- The budget line for electric/power was underspent by \$50,799. The Library attributes this cost savings to their LED efficient lighting, the new HVAC system, and the installation of their building management system that allows for offsite climate control when the building is not occupied.
- The capital outlay budget section was underspent by \$37,997. The budget line for furniture and fixtures was underspent because the Library chose to purchase several items that were part of the renovation project from the Capital Fund as opposed to the General Fund. The budget line for computers was underspent because the Library was forced to postpone purchases during the pandemic.

Capital Assets:

Capital outlay totaled \$879,357 for the current year. The majority of the purchases (\$786,417) were for building improvements primarily related to the HVAC, roof and renovation project. The remaining expenditures were for a wide variety of items such as furniture, computer equipment, etc. During the year the Library also discarded broken or obsolete furniture and equipment with an estimated original cost of \$40,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Debt Administration:

The only long-term debt that the Library has to its employees is for unused sick and vacation time (compensated absences), its net pension liability and its obligation for other post-retirement benefits. As of June 30, 2020, the Library's liability for unused sick and vacation time (compensated absences) was \$547,151. This represents an increase of \$182,322 from the previous year. The net pension liability at June 30, 2020 was \$3,723,040. This represents an increase of \$2,716,244 from the previous year. The Library's obligation for other post-employment benefits at June 30, 2020 was \$10,094,771. This represents a decrease of \$691,941 from the previous year.

Currently Known Conditions:

The anticipated tax revenues for the 2020-2021 fiscal year are \$8,948,970. This represents a 0% tax increase as compared to the 2019-2020 fiscal year budget.

HUNTINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AS OF JUNE 30, 2020

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 13)	Statement of Net Position
Assets:							
Cash and cash equivalents:							
Checking	\$ 2,016,520	\$ 25,952	\$	\$ 99,213	\$ 2,141,685	\$	\$ 2,141,685
Money market/savings	3,709,355	428,264			4,137,619		4,137,619
Petty cash	870				870		870
Total cash and cash equivalents	<u>5,726,745</u>	<u>454,216</u>	<u>0</u>	<u>99,213</u>	<u>6,280,174</u>	<u>0</u>	<u>6,280,174</u>
Accounts receivable	3,000				3,000		3,000
Internal receivables	110,994				110,994	(110,994)	
Real estate taxes receivable	745,747				745,747		745,747
Prepaid insurance	13,772				13,772		13,772
Other prepaid expenses	31,903				31,903		31,903
Capital assets, net of depreciation (note 4)						5,016,147	5,016,147
Total Assets	<u>6,632,161</u>	<u>454,216</u>	<u>0</u>	<u>99,213</u>	<u>7,185,590</u>	<u>4,905,153</u>	<u>12,090,743</u>
Deferred Outflows of Resources:							
Deferred outflows on OPEB						2,040,380	2,040,380
Deferred outflows on pension						2,383,713	2,383,713
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,424,093</u>	<u>4,424,093</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,632,161</u>	<u>\$ 454,216</u>	<u>\$ 0</u>	<u>\$ 99,213</u>	<u>\$ 7,185,590</u>	<u>\$ 9,329,246</u>	<u>\$ 16,514,836</u>

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

HUNTINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AS OF JUNE 30, 2020

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 13)	Statement of Net Position
Liabilities:							
Accounts payable	\$ 139,442	\$ 39,194	\$	\$	\$ 178,636	\$	\$ 178,636
Accrued payroll and related taxes	224,934				224,934		224,934
Accrued retirement	143,864				143,864		143,864
Internal payables		11,767	14	99,213	110,994	(110,994)	
Non-current liabilities:							
Compensated absences						547,151	547,151
Net pension liability						3,723,040	3,723,040
Obligation for other post-employment benefits						10,094,771	10,094,771
Total Liabilities	<u>508,240</u>	<u>50,961</u>	<u>14</u>	<u>99,213</u>	<u>658,428</u>	<u>14,253,968</u>	<u>14,912,396</u>
Deferred Inflows of Resources:							
Deferred inflows on OPEB						2,846,521	2,846,521
Deferred inflows on pension						89,563	89,563
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,936,084</u>	<u>2,936,084</u>
Fund Balances/Net Position:							
Nonspendable (prepaid amounts)	45,675				45,675	(45,675)	
Committed for specific purposes	3,067,974				3,067,974	(3,067,974)	
Assigned (note 9)		403,255			403,255	(403,255)	
Unassigned	3,010,272		(14)		3,010,258	(3,010,258)	
Total Fund Balances	<u>6,123,921</u>	<u>403,255</u>	<u>(14)</u>	<u>0</u>	<u>6,527,162</u>	<u>(6,527,162)</u>	
Total Liabilities, Deferred Inflows of Resources And Fund Balances	<u>\$ 6,632,161</u>	<u>\$ 454,216</u>	<u>\$ 0</u>	<u>\$ 99,213</u>	<u>\$ 7,185,590</u>		
Net Position:							
Net investment in capital assets						5,016,147	5,016,147
Unrestricted						(6,349,791)	(6,349,791)
Total Net Position						<u>\$ (1,333,644)</u>	<u>\$ (1,333,644)</u>

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

HUNTINGTON PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 13)	Statement of Activities
Revenues:							
Tax revenues	\$ 8,948,970	\$	\$		\$ 8,948,970	\$	\$ 8,948,970
Fines, fees and sales	5,841				5,841		5,841
Program fees	29,811				29,811		29,811
Local Incentive Aid	10,208				10,208		10,208
Other grants and aid	8,000				8,000		8,000
Payments in lieu of taxes	7,184				7,184		7,184
Copier machine/printing income	11,728				11,728		11,728
Interest	36,548	4,179			40,727		40,727
Lost books paid	1,900				1,900		1,900
Telephone/fax fees	1,983				1,983		1,983
Donations and miscellaneous income	12,719				12,719		12,719
Total Revenues	\$ 9,074,892	\$ 4,179	\$ 0	\$ 0	\$ 9,079,071	\$ 0	\$ 9,079,071

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

HUNTINGTON PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 13)	Statement of Activities
Expenditures/Expenses- Library Services:							
Salaries and wages	\$ 4,013,665	\$	\$		\$ 4,013,665	\$ 169,365	\$ 4,183,030
Employee benefits	2,238,285				2,238,285	1,029,423	3,267,708
Library services/materials	746,668				746,668		746,668
Library operations	365,072	4,881			369,953		369,953
Building operations	720,549				720,549		720,549
Capital outlay	82,003	797,354			879,357	(879,357)	
Depreciation						294,810	294,810
Total Expenditures/Expenses	8,166,242	802,235	0	0	8,968,477	614,241	9,582,718
Excess (Deficiency) Of Revenues Over Expenditures	908,650	(798,056)	0	0	110,594	(614,241)	
Other Financing Sources (Uses):							
Transfers- internal activities	0	0	0	0	0		
Excess Of Revenues & Other Financing Sources (Uses) Over Expenditures	908,650	(798,056)	0	0	110,594	(110,594)	
Change In Net Position							
Fund balance/net position- beginning of year	5,215,271	1,201,311	(14)	0	6,416,568	(503,647)	(829,997)
Fund Balance/Net Position- End Of The Year	\$ 6,123,921	\$ 403,255	\$ (14)	\$ 0	\$ 6,527,162	\$ (7,860,806)	\$ (1,333,644)

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

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Huntington 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 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 Huntington Public Library coordinates the raising of its real estate tax revenues with the Huntington 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 investment in capital assets; restricted net position; and unrestricted net position.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Grant Fund: Specified grant revenues and expenditures whether funded by New York State, the Federal Government, or private industry are accounted for separately in the Grant fund.

Trust and Agency Fund: Used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

C. 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.

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Budgetary Accounting: Formal budgetary accounting is employed as a management control of the general fund. Expenditures are compared to actual results in the report.

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.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: **Summary of Significant Accounting Policies (Continued)**

- G. 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.
- 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 as well as obligations of the United States of America and New York State.
- I. Capital Assets:** Capital assets are defined by the Library as assets with an initial cost of at least \$500 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. The Library land and building has not been capitalized as it is owned by the School District. Library books and materials are not capitalized. Depreciation is provided on the straight-line basis over the following estimated lives:

Furniture and equipment	5 to 7 years
Fixtures	20 years
Building improvements	40 years

NOTE 2: **Cash and Cash Equivalents**

The Library has defined cash and cash equivalents to 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 two banks. At year end, the Library's carrying amount of deposits was \$6,279,304 (excludes petty cash) and the bank balance was \$6,596,455. Of the bank balance, \$775,953 was covered by federal depository insurance and the remaining balance was covered by collateral in the form of an irrevocable Letter of Credit.

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4: Capital Assets

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

	Balance as of 7/1/2019	Additions	Adjustments & Deletions	Balance as of 6/30/2020
Assets not being depreciated:				
Fine arts	\$ 38,050	\$ 0	\$ 0	\$ 38,050
Construction in progress	19,114	0	(19,114)	0
Other capital assets:				
Building improvements	6,913,868	786,417	19,114	7,719,399
Leasehold improvements	56,486	0	0	56,486
Fixtures	1,346,600	0	0	1,346,600
Furniture and equipment	<u>1,038,081</u>	<u>92,940</u>	<u>(40,000)</u>	<u>1,091,021</u>
Total	9,412,199	879,357	(40,000)	10,251,556
Accumulated depreciation	<u>(4,980,599)</u>	<u>(294,810)</u>	<u>40,000</u>	<u>(5,235,409)</u>
Net Book Value	<u>\$ 4,431,600</u>	<u>\$ 584,547</u>	<u>\$ 0</u>	<u>\$ 5,016,147</u>

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2020.

NOTE 6: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2020:

	Balance 7/1/2019	Increases	Reductions	Balance 6/30/2020	<u>Non-current liabilities</u> Due within one year	Due after one year
Compensated absences	\$ 364,829	\$ 182,322	\$ 0	\$ 547,151	\$ 45,434	\$ 501,717
Net pension liability	1,006,796	2,716,244	0	3,723,040	0	3,723,040
Other post-employment benefits payable	<u>10,786,712</u>	<u>0</u>	<u>691,941</u>	<u>10,094,771</u>	<u>0</u>	<u>10,094,771</u>
	<u>\$ 12,158,337</u>	<u>\$ 2,898,566</u>	<u>\$ 691,941</u>	<u>\$ 14,364,962</u>	<u>\$ 45,434</u>	<u>\$ 14,319,528</u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2020 for unused sick and vacation pay amounting to \$547,151. Of the liability, \$45,434 is expected to be paid within the next twelve months.

NOTE 8: Funds Committed For Specific Purposes

A summary of changes in committed funds for the year ending June 30, 2020 is as follows:

	Balance as of 7/1/2019	Funds Committed (Uncommitted)	Funds Expended	Balance as of 6/30/2020
Funds Committed For:				
Accrued benefits	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Retirement	25,000	0	0	25,000
Building preservation	25,000	0	0	25,000
Station development fund	<u>1,867,974</u>	<u>1,100,000</u>	<u>0</u>	<u>2,967,974</u>
Total	<u>\$ 1,967,974</u>	<u>\$ 1,100,000</u>	<u>\$ 0</u>	<u>\$ 3,067,974</u>

NOTE 9: Assigned Fund Balance

The components of the assigned fund balance as of June 30, 2020 are as follows:

	Capital Fund	Grant Fund	Total
Assigned For:			
Assigned for capital projects	<u>\$ 403,255</u>	<u>\$ 0</u>	<u>\$ 403,255</u>

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10: **Retirement Plan**

- A. **Plan Description and Benefits Provided:** The Huntington Public Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Huntington Public Library also participates in the Public Employees' Group Term Life Insurance plan (GTLI), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: Retirement Plan (Continued)

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

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: Retirement Plan: (Continued)

B. Benefits Provided: (Continued)

Tiers 3, 4, and 5 (Continued)

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

Tier 6

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10: **Retirement Plan: (Continued)**

B. Benefits Provided: (Continued)

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

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

- C. Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten 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. 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 \$563,678, for the 2019 fiscal year it was \$543,907 and for the 2018 fiscal year it was \$536,535.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: Retirement Plan (Continued)

D. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: At June 30, 2020, the Huntington Public Library reported a liability of \$3,723,040 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Huntington Public Library's proportion of the net pension liability was based on a projection of the Huntington Public 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, 2020, the Huntington Public Library's proportion was 0.0140595 percent which was a decrease of .0001501 percent from its proportion measured at June 30, 2019.

For the year ended June 30, 2020, the Huntington Public Library recognized pension expense of \$1,287,641. At June 30, 2020, the Huntington Public Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 219,116	\$ 0
Changes in assumptions	74,964	64,730
Net difference between projected and actual investment earnings on pension plan investments	1,908,611	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,158	24,833
Library's contributions subsequent to the measurement date	<u>143,864</u>	<u>0</u>
Total	<u>\$ 2,383,713</u>	<u>\$ 89,563</u>

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10: **Retirement Plan (Continued)**

- D. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** (Continued) \$143,864 reported as deferred outflows of resources related to pensions resulting from Huntington Public Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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>
2021	\$ 369,207
2022	533,322
2023	692,032
2024	555,725
2025	<u>0</u>
Total	<u>\$ 2,150,286</u>

- E. Actuarial Assumptions:** The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases	4.20%
Investment rate of return (net of investment expense, including inflation)	6.80%
Cost of living adjustments	1.30%

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: Retirement Plan (Continued)

- E. **Actuarial Assumptions: (Continued)** Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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. The previous actuarial valuation as of April 1, 2018 used a long-term expected rate of return of 7%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-Indexed bonds	4.00%	0.50%
Total	<u>100.00%</u>	

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

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: Retirement Plan (Continued)

E. Actuarial Assumptions: (Continued)

Discount Rate – The discount rate used to calculate the total pension liability was 6.8%. 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – The following presents the current-period net pension liability of the Library, calculated using the current-period discount rate assumption of 6.8 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 (5.8 percent) or 1 percentage-point higher (7.8 percent) than the current assumption:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Library's proportionate share of the net pension liability	\$ 6,832,829	\$ 3,723,040	\$ 858,911

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: Retirement Plan (Continued)

- E. Actuarial Assumptions: (Continued)** *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, 2020, in thousands of dollars was as follows:

	<u>Total</u>
Employers' total pension liability	\$ 194,596,261
Plan net position	<u>(168,115,682)</u>
Employers' net pension liability	<u><u>\$ 26,480,579</u></u>
Ratio of plan net position to the Employers' total pension liability	 86.39%

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 Huntington 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 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.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

- B. Benefits Provided:** Contribution requirements are determined by the Library Board. For retirees hired on or before June 30, 1993 and whom have five or more years of service, the Library will pay 90% of the amount for a retiree's and their spouse's health insurance policy premium. For retirees hired on or before June 30, 1993, that have less than five years of service, the Library will pay 75% of the amount for a retiree's and their spouse's health insurance policy premium. For retirees hired after June 30 1993, and whom have ten years of service, the Library will pay 75% of the amount for a retiree's and their spouse's health insurance policy premium.

For the fiscal year ending June 30, 2020, Huntington Public Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$341,317 (exclusive of Medicare B reimbursements) as an expenditure in the General Fund. The Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$87,849. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of July 1, 2019, the following employees were covered by the benefit terms:

Active employees	43
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	<u>38</u>
Total	<u><u>81</u></u>

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

C. Total Other Post-Employment Benefit (OPEB) Liability: The Library's total OPEB liability of \$10,094,771 was updated through June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs:

Inflation	2.00%
Payroll Growth Rate	2.50%
Discount Rate	2.21%
2018 Medical Trend Rates (Pre-65/Post-65)	8.00% / 5.00%
2019 Medical Trend Rates (Pre-65/Post-65)	7.50% / 5.00%
Ultimate Medical Trend Rate	4.50% / 5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	2025/2019

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2020.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted fully generational mortality table with projection scale MP-2019.

E. Changes In The Total OPEB Liability:

Balance at June 30, 2019	\$ <u>10,786,712</u>
Changes for the year:	
Service cost	400,259
Interest	293,099
Changes in benefit terms	0
Differences between expected and actual experience	(2,970,287)
Changes in assumptions and other inputs	1,854,538
Benefit payments	<u>(269,550)</u>
Net changes	<u>(691,941)</u>
Balance at June 30, 2020	\$ <u><u>10,094,771</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 3.50% at June 30, 2019 and was 2.21% at June 30, 2020.

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 11,924,043	\$ 10,094,771	\$ 8,627,944

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 (6.50% decreasing to 3.50%) or 1 percentage point higher (8.50% decreasing to 5.50%) than the current healthcare cost trend rate:

	1% Decrease (6.50% Decreasing to 3.50%)	Healthcare Cost Trend Rate (7.50% Decreasing to 4.50%)	1% Increase (8.50% Decreasing to 5.50%)
Total OPEB Liability	\$ 8,265,390	\$ 10,094,771	\$ 12,540,730

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ending June 30, 2020, the Library recognized OPEB expense of \$565,001. At June 30, 2020, 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	\$ 0	\$ 2,579,460
Changes in assumptions	2,040,380	267,061
Total	<u>\$ 2,040,380</u>	<u>\$ 2,846,521</u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 will be recognized in other post-employment benefit expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2021	\$ (128,357)
2022	(128,357)
2023	(128,357)
2024	(128,357)
2025	(128,357)
Thereafter	<u>(164,356)</u>
Total	<u><u>\$ (806,141)</u></u>

**HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12: Commitments and Contingencies

The Library leases a postage meter as well as Library space (known as the Station branch) at 1335 New York Avenue in Huntington Station. The original lease for space was signed during 2002 and continues until its expiration on June 30, 2022. However, in January 2018, the Library renegotiated the lease in order to be able to use the entirety of the premises. The new minimum monthly rental commitment increases from \$18,718 to \$33,213 over the lease term. In addition the Library is required to pay, as additional rent, 50% of the real estate taxes of the premises, plus an amount equal to 50% of any real estate tax increase over the base tax year of 1997-1998.

During 2019 the Library signed an agreement to lease a postage meter. The agreement requires forty-eight monthly payments of \$199.

During 2020 the Library signed an agreement to lease a second postage meter. The agreement requires sixty-three monthly payments of \$188.

For the fiscal year ending June 30, 2020 the Library made rental payments for the equipment of \$2,388 and for the space at 1335 New York Avenue of \$417,841 (includes the real estate tax increase).

The future minimum lease commitments are detailed as follows:

Year Ending June 30,	Postage Meters	Station Branch	Total Minimum Commitment
2021	\$ 4,080	\$ 384,890	\$ 388,970
2022	4,644	396,437	401,081
2023	3,450	0	3,450
2024	2,256	0	2,256
2025	2,256	0	2,256
2026	1,128	0	1,128
Total	<u>\$ 17,814</u>	<u>\$ 781,327</u>	<u>\$ 799,141</u>

HUNTINGTON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 funds differ 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 \$ 6,527,162

Amounts reported in the statement of net position are different because:

- Capital assets are not financial resources, and are not reported in the funds 5,016,147
- Deferred outflows on OPEB not reported in the funds 2,040,380
- Deferred outflows on pension is not reported in the funds 2,383,713
- Compensated absences, not anticipated to be paid within the next twelve months, are included as a liability (547,151)
- Net pension liability is included in the funds (3,723,040)
- The obligation for other post-employment benefits are not reported in the funds (10,094,771)
- Deferred inflows on OPEB is not reported in the funds (2,846,521)
- Deferred inflows on pension is not reported in the funds (89,563)

Total Net Position-Full Accrual Basis \$(1,333,644)

Net Change in Fund Balance-Modified Accrual Basis \$ 110,594

Amounts reported in the statement of activities are different because:

- Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:
 - Capital outlay 879,357
 - Depreciation expense (294,810)
- (Increase)/decrease in the accruals for items reported as an expenditure in the statements of activities, not in the fund statements:
 - Compensated absences (182,322)
 - Net pension expenses (721,015)
 - Post-employment health costs (295,451)

Change in Net Position-Full Accrual Basis \$ (503,647)

HUNTINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenues:				
Tax revenues	\$ 8,948,970	\$ 8,948,970	\$ 8,948,970	\$ 0
Operating Revenue:				
Fines, fees and sales	12,000	12,000	5,841	(6,159)
Program fees	30,000	30,000	29,811	(189)
Local Incentive Aid	10,000	10,000	10,208	208
Other grants and aid	0	0	8,000	8,000
Payments in lieu of taxes	0	0	7,184	7,184
Copier machine/printing income	15,000	15,000	11,728	(3,272)
Interest	25,000	25,000	36,548	11,548
Lost books paid	2,500	2,500	1,900	(600)
Telephone/fax fees	2,500	2,500	1,983	(517)
Donations and miscellaneous income	20,000	20,000	12,719	(7,281)
Total Operating Revenue	<u>117,000</u>	<u>117,000</u>	<u>125,922</u>	<u>8,922</u>
Non-Operating Revenue:				
Transfer from fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 9,065,970</u>	<u>\$ 9,065,970</u>	<u>\$ 9,074,892</u>	<u>\$ 8,922</u>
Expenditures:				
Salaries and Wages:				
Professional	\$ 2,423,167	\$ 2,423,167	\$ 2,263,979	\$ 159,188
Clerical	1,030,000	1,030,000	976,701	53,299
Custodial/Guard	629,977	629,977	622,656	7,321
Pages	141,450	141,450	150,329	(8,879)
Total Salaries and wages	<u>4,224,594</u>	<u>4,224,594</u>	<u>4,013,665</u>	<u>210,929</u>
Employee Benefits:				
Retirement	625,000	625,000	566,622	58,378
Social security	323,181	323,181	295,380	27,801
Health insurance	1,438,000	1,438,000	1,250,273	187,727
Dental and optical plan	95,000	95,000	77,870	17,130
Workers compensation and disability	80,000	80,000	46,008	33,992
Unemployment insurance	5,000	5,000	2,132	2,868
Total Employee Benefits	<u>\$ 2,566,181</u>	<u>\$ 2,566,181</u>	<u>\$ 2,238,285</u>	<u>\$ 327,896</u>

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

HUNTINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Library Services/Materials:				
Books - Village - adult	\$ 61,965	\$ 61,965	\$ 59,862	\$ 2,103
Books - Village - children	25,515	25,515	16,263	9,252
Books - Village - young adult	8,748	8,748	3,802	4,946
Reference/standing orders	46,980	46,980	35,424	11,556
Books - Station	25,515	25,515	30,179	(4,664)
Electronic resources	114,950	114,950	83,009	31,941
Electronic devices	14,500	14,500	11,888	2,612
Book refunds	562	562	223	339
Processing	35,000	35,000	26,845	8,155
Periodicals	37,500	37,500	41,333	(3,833)
Microfilm/C.D. software/Games	3,938	3,938	1,967	1,971
C.D.'s/Audio Books	18,144	18,144	11,904	6,240
D.V.D.'s/Videos	43,928	43,928	30,053	13,875
Downloadables	160,000	160,000	204,842	(44,842)
Programs - adult	63,250	63,250	50,191	13,059
Programs - children	45,000	45,000	28,696	16,304
Programs - young adult	12,000	12,000	6,571	5,429
Programs- Station	44,000	44,000	30,654	13,346
Programs - literacy/ESL	16,500	16,500	9,600	6,900
Programs - senior services	5,000	5,000	1,873	3,127
Programs - local history	1,000	1,000	790	210
Museum passes	13,000	13,000	9,760	3,240
Attraction tickets (net receipts of \$15,222)	3,000	3,000	2,561	439
Public relations/newsletter	50,600	50,600	48,378	2,222
Total Library Materials/Services	<u>\$ 850,595</u>	<u>\$ 850,595</u>	<u>\$ 746,668</u>	<u>\$ 103,927</u>

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

HUNTINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Library Operations:				
Library and general supplies	\$ 40,000	\$ 40,000	\$ 34,248	\$ 5,752
Telecommunications	75,000	75,000	64,496	10,504
Telephone services	6,000	6,000	0	6,000
General postage	3,000	3,000	2,622	378
Printing	6,000	6,000	2,342	3,658
Printing supplies	5,000	5,000	3,649	1,351
Integrated library system	35,000	35,000	27,755	7,245
Software/automation	35,000	35,000	28,214	6,786
Staff training	10,000	10,000	5,763	4,237
Travel and professional meetings	30,000	30,000	8,715	21,285
Errand service	3,600	3,600	2,400	1,200
SCLS member services	75,000	75,000	69,131	5,869
Audit and accounting service	12,000	12,000	11,400	600
Legal service	15,000	15,000	13,571	1,429
Payroll service	25,000	25,000	28,001	(3,001)
Professional fees - other	15,000	15,000	12,925	2,075
Membership	6,000	6,000	5,950	50
Equipment maintenance and repair	26,000	26,000	18,978	7,022
Minor furniture & equipment	35,000	35,000	19,036	15,964
Annual budget vote	5,000	5,000	695	4,305
Fees and bond	5,200	5,200	3,545	1,655
Board meetings/travel/miscellaneous	1,000	1,000	1,636	(636)
Total Library Operations	<u>\$ 468,800</u>	<u>\$ 468,800</u>	<u>\$ 365,072</u>	<u>\$ 103,728</u>

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

HUNTINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)				
Building Operations:				
Rent - Station branch	\$ 454,000	\$ 454,000	\$ 417,841	\$ 36,159
Insurance	61,800	61,800	40,916	20,884
Gas/heat	18,000	18,000	15,312	2,688
Electric/power	145,000	145,000	94,201	50,799
Water	2,000	2,000	1,528	472
Maintenance repairs	60,000	60,000	55,027	4,973
Maintenance supplies	25,000	25,000	24,106	894
Maintenance services	70,000	70,000	71,618	(1,618)
Total Building Operations	<u>835,800</u>	<u>835,800</u>	<u>720,549</u>	<u>115,251</u>
Capital Outlay:				
Furniture, fixtures and other equipment	55,000	55,000	28,601	26,399
Computers	50,000	50,000	41,142	8,858
Building improvement/renovation	15,000	15,000	12,260	2,740
Total Capital Outlay	<u>120,000</u>	<u>120,000</u>	<u>82,003</u>	<u>37,997</u>
Total Expenditures	<u>9,065,970</u>	<u>9,065,970</u>	<u>8,166,242</u>	<u>899,728</u>
Excess Of Revenues Over Expenditures	0	0	908,650	908,650
Other Financing Sources (Uses):				
Transfer to Capital Fund	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Of Revenues Over Expenditures And Other Financing Uses	0	0	908,650	908,650
Budgetary fund balance- beginning of year	<u>5,215,271</u>	<u>5,215,271</u>	<u>5,215,271</u>	<u>5,215,271</u>
Budgetary Fund Balance - End Of Year	<u><u>\$ 5,215,271</u></u>	<u><u>\$ 5,215,271</u></u>	<u><u>\$ 6,123,921</u></u>	<u><u>\$ 6,123,921</u></u>

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

HUNTINGTON PUBLIC LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
FOR THE 2020 FISCAL YEAR**

	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.01406%	0.01421%	0.01379%	0.01419%	0.01297%	0.01251%
Library's proportionate share of the net pension liability (asset)	\$ 3,723,040	\$ 1,006,796	\$ 445,074	\$ 1,333,314	\$ 2,081,534	\$ 422,682
Library's covered-employee payroll	\$ 3,838,744	\$ 3,625,049	\$ 3,507,539	\$ 3,733,690	\$ 3,289,464	\$ 3,215,910
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.9859%	27.7733%	12.6891%	35.7104%	63.2788%	13.1435%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

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

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

HUNTINGTON PUBLIC LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2020 FISCAL YEAR

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 563,678	\$ 543,907	\$ 536,535	\$ 577,092	\$ 616,686	\$ 426,123
Contributions in relation to the contractually required contribution	563,678	543,907	536,535	577,092	616,686	426,123
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library's covered-employee payroll	\$ 3,838,744	\$ 3,625,049	\$ 3,507,539	\$ 3,733,690	\$ 3,289,464	\$ 3,215,910
Contributions as a percentage of covered-employee payroll	14.68%	15.00%	15.30%	15.46%	18.75%	13.25%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 400,259	\$ 412,660	\$ 434,392
Interest	293,099	387,606	359,171
Changes of benefit terms	0	0	0
Differences between expected and actual experience	(2,970,287)	0	0
Changes in assumptions or other inputs	1,854,538	571,494	(424,156)
Benefit payments	<u>(269,550)</u>	<u>(372,552)</u>	<u>(357,290)</u>
Net Change in total OPEB liability	(691,941)	999,208	12,117
Total OPEB liability- beginning	<u>10,786,712</u>	<u>9,787,504</u>	<u>9,775,387</u>
Total OPEB liability- ending	<u><u>\$ 10,094,771</u></u>	<u><u>\$ 10,786,712</u></u>	<u><u>\$ 9,787,504</u></u>
Covered-employee payroll	\$ 2,842,808	\$ 2,989,208	\$ 2,916,300
Total OPEB liability as a % of covered-employee payroll	355.10%	360.86%	335.61%

Notes to schedule:

Changes of benefit terms: None

Changes of assumptions:

Discount rate	2.21%	3.50%	3.87%
Mortality Improvement Scale	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	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.