

**HUNTINGTON PUBLIC LIBRARY**

**FINANCIAL REPORT  
WITH  
ADDITIONAL INFORMATION**

**JUNE 30, 2018**

# **HUNTINGTON PUBLIC LIBRARY**

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# BALDESSARI & COSTER LLP

Certified Public Accountants

84 Covert Avenue

Stewart Manor, New York 11530

Kevin Baldessari, C.P.A.  
Albert Coster, C.P.A.  
Edward Schlomann, C.P.A.

(516) 326-2582

Fax # (516) 358-7626

MEMBERS OF  
THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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)**

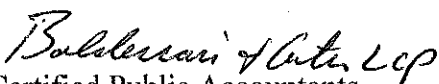
**Opinions**

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, 2018, 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  
October 26, 2018

## 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, 2018	June 30, 2017**	Increase (Decrease)
Assets:			
Current assets	\$ 6,645	\$ 6,620	\$ 25
Capital assets	4,164	3,136	1,028
Total Assets	<u>10,809</u>	<u>9,756</u>	<u>1,053</u>
Deferred Outflows of Resources	<u>1,302</u>	<u>981</u>	<u>321</u>
Liabilities:			
Long-term debt	10,625	11,471	(846)
Other liabilities	615	400	215
Total Liabilities	<u>11,240</u>	<u>11,871</u>	<u>(631)</u>
Deferred Inflows of Resources	<u>1,840</u>	<u>701</u>	<u>1,139</u>
Net Position:			
Net investment in capital assets	4,164	3,136	1,028
Unrestricted	<u>(5,133)</u>	<u>(4,971)</u>	<u>(162)</u>
Total Net Position	<u>\$ (969)</u>	<u>\$ (1,835)</u>	<u>\$ 866</u>
Revenue:			
Tax revenues	\$ 8,882	\$ 8,817	\$ 65
Fines, fees and sales	14	19	(5)
Other revenue	165	127	38
Total Revenue	<u>9,061</u>	<u>8,963</u>	<u>98</u>
Expenses - Library Services	<u>8,195</u>	<u>8,504</u>	<u>(309)</u>
Change in net position	866	459	407
Net position - beginning of year	<u>(1,835)</u>	<u>(2,294)</u>	<u>459</u>
Net Position - End of Year	<u>\$ (969)</u>	<u>\$ (1,835)</u>	<u>\$ 866</u>

\*\* Restated for opening balance adjustments – see footnote 13.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(Continued)**

#### **The Library As A Whole**

- The Library's net position increased by \$866,307 this year. This was primarily the result of the under-spending many of the budget lines as well as the GASB 34 adjustment requiring the capitalization of capital outlay. Expenditures for capital outlay are currently expensed under the fund method of accounting but are capitalized under the GASB 34 reporting model.
- The Library's primary source of revenue is from property tax revenues, which represents 98.0 percent of total revenue. In the prior year revenue from property taxes represented 98.4 percent of total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 74.4 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 77.1 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 \$3,959,848 to \$4,518,131. The fund balance of the Capital Fund decreased from \$2,260,546 to \$1,511,507. 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 greater patron use of the Library's auto-renewal system and downloadable items that do not incur fines.
- The Library received more program revenues than expected due to offering additional sessions of its most popular programs as well as introducing new fee based programs.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Budgetary Highlights: (Continued)**

- 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.
- The Library received more interest income than had been budgeted. This was due to being able to invest a prepayment of their tax revenues that they received in January 2018. In addition the Library started to receive more competitive interest rates.
- The salaries and wages budget section was underspent by \$303,827. The Library attributes this primarily to staff members who separated from the Library and their positions remained unfilled. In addition, the Library minimized the hours that pages worked.
- The budget line for retirement and social security were both underspent as a function of the lower salaries and wages referenced above.
- The budget line for workers compensation and disability was underspent by \$10,089. The Library attributes this to lower premiums and fewer claims than had been anticipated.
- In total, the library services/materials budget section was underspent by \$74,297. Many of the variances offset one another and are due to the changing trends between digital and downloadable versions of the various materials. The various book budget lines were underspent primarily because purchasing slowed. The Library attributed this to a variety of factors such as limited shelf space for new purchases, being more selective in order to reduce costs, as well as the public desire for more materials in an electronic format as opposed to the print format. The budget line for processing was underspent because the Library has outsourced fewer materials for processing than anticipated. The budget line for periodicals was underspent due to a 50% reduction in Zinio electronic magazine titles. The budget line for programs- adult was overspent as additional programs were added due to sponsorship from the Friends of the Library. The budget lines for children and young adult programs were both underspent because more programs were run by in-house staff. This was less expensive than having to pay outside vendors. Programs at the Station branch were lower than anticipated due to limited availability of space. The Library expects to see an increase in the number of programs offered now that they have leased the additional space on the second floor.
- The budget line for library and general supplies was underspent by \$17,455. This was due to continued streamlining of ordering and by soliciting competitive bids from our vendors.
- The budget line for integrated library system has a favorable variance of \$12,352. As the Library has transitioned back to the PALS consortium through SCLS savings were realized.
- The budget line for staff training was underspent by \$6,288. Due to the building renovations and limited availability of space, the Library was not able to have its full-day training for the entire staff.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Budgetary Highlights: (Continued)**

- The budget line for travel and professional meetings was underspent because fewer staff members traveled for conferences during the fiscal year. Many of the conferences that were attended were local which reduced airline and hotel costs.
- The budget line for SCLS member services was underspent as fees were lower than they had first projected.
- The budget line for payroll was overspent by \$6,711. As the Library implemented its new time and attendance system, it was required to run parallel with its old system for several months, which led to duplicative costs. The Library has since terminated the former service and expects to realize cost savings during the 2018-2019 fiscal year.
- The budget line for copy machine expense was underspent by \$12,000. The Library attributes this to the termination of its lease and the subsequent purchase of the copier equipment.
- The equipment maintenance and repair budget line was overspent due to signing new maintenance agreements for its public copiers and office printers.
- The budget line for rent – Station branch was overspent because the Library agreed to lease additional space which led to higher rent.
- The budget line for insurance was underspent by \$21,102. The Library received an unexpected safety dividend from the insurance carrier which reduced the current year expense.
- The budget line for electric/power was underspent by \$40,007. The Library attributes this cost savings to the mild weather and the fact that less energy was required as a result of the energy efficient lighting that was installed.
- The maintenance repairs budget line was overspent by \$14,700. The Library attributes this to unanticipated electrical repairs at the Station branch and repairs to the front walkway.
- The budget line for maintenance supplies was underspent as the Library continues to show savings from streamlining its purchasing and soliciting competitive pricing from its vendors. In addition, purchases were reduced during the ongoing renovations because there was limited storage space.
- The budget line for maintenance services was underspent because the Library reduced maintenance on the HVAC as it proceeded with the installation of a new system.
- The capital outlay budget section was underspent because the Library chose to pay for its capital purchases out of the Capital Fund as opposed to the General Fund. To offset this variance, the Library made a transfer of \$400,000 to the Capital Fund.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Capital Assets:**

Capital outlay totaled \$1,277,724 for the current year. The majority of the purchases (\$1,144,713) were related to building or leasehold improvements. 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 equipment with an estimated original cost of \$8,583.

**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, 2018, the Library's liability for unused sick and vacation time (compensated absences) was \$392,395. This represents an increase of \$29,195 from the previous year. The net pension liability at June 30, 2018 was \$445,074. This represents a decrease of \$888,240 from the previous year. The Library's obligation for other post-employment benefits at June 30, 2018 was \$9,787,504. This represents an increase of \$12,117 from the previous year.

**Currently Known Conditions:**

The Library budget vote for the 2018-2019 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$8,881,918.

**HUNTINGTON PUBLIC LIBRARY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**AS OF JUNE 30, 2018**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Grant Fund</b>	<b>Trust &amp; Agency Fund</b>	<b>Total of Funds</b>	<b>Adjustments (Note 15)</b>	<b>Statement of Net Position</b>
<b>Assets:</b>							
Cash and cash equivalents:							
Checking	\$ 1,639,266	\$ 309,248	\$	2,633	\$ 1,951,147	\$	\$ 1,951,147
Money market/savings	1,264,037	1,391,959			2,655,996		2,655,996
Certificates of deposit (note 4)	2,000,000				2,000,000		2,000,000
Petty cash	870				870		870
<b>Total cash and cash equivalents</b>	<u>4,904,173</u>	<u>1,701,207</u>	<u>0</u>	<u>2,633</u>	<u>6,608,013</u>	<u>0</u>	<u>6,608,013</u>
Internal receivables	14,491				14,491	(14,491)	
Other receivables	2,681				2,681		2,681
Accrued interest receivable	5,387				5,387		5,387
Prepaid insurance	28,314				28,314		28,314
Other prepaid expense				77	77		77
Capital assets, net of depreciation (note 5)						4,164,486	4,164,486
<b>Total Assets</b>	<u>4,955,046</u>	<u>1,701,207</u>	<u>0</u>	<u>2,710</u>	<u>6,658,963</u>	<u>4,149,995</u>	<u>10,808,958</u>
<b>Deferred Outflows of Resources:</b>							
Deferred outflows on pension	0	0	0	0	0	1,302,115	1,302,115
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 4,955,046</u>	<u>\$ 1,701,207</u>	<u>\$ 0</u>	<u>\$ 2,710</u>	<u>\$ 6,658,963</u>	<u>\$ 5,452,110</u>	<u>\$ 12,111,073</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, 2018**

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 15)	Statement of Net Position
<b>Liabilities:</b>							
Accounts payable	\$ 124,889	\$ 177,933	\$	\$	\$ 302,822	\$	\$ 302,822
Accrued payroll and related taxes	176,049				176,049		176,049
Accrued retirement	135,977				135,977		135,977
Internal payables					14,491	(14,491)	
Non-current liabilities:		11,767	14	2,710			
Compensated absences							
Net pension liability						392,395	392,395
Obligation for other post-employment benefits						445,074	445,074
<b>Total Liabilities</b>	<u>436,915</u>	<u>189,700</u>	<u>14</u>	<u>2,710</u>	<u>629,339</u>	<u>9,787,504</u>	<u>9,787,504</u>
						<u>10,610,482</u>	<u>11,239,821</u>
<b>Deferred Inflows of Resources:</b>							
Deferred inflows on pension						1,468,507	1,468,507
Deferred inflows on OPEB						371,791	371,791
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,840,298</u>	<u>1,840,298</u>
<b>Fund Balances/Net Position:</b>							
Nonspendable (prepaid amounts)	28,314				28,314	(28,314)	
Committed for specific purposes	1,967,974				1,967,974	(1,967,974)	
Assigned (note 10)		1,511,507			1,511,507	(1,511,507)	
Unassigned	2,521,843		(14)		2,521,829	(2,521,829)	
<b>Total Fund Balances</b>	<u>4,518,131</u>	<u>1,511,507</u>	<u>(14)</u>	<u>0</u>	<u>6,029,624</u>	<u>(6,029,624)</u>	
<b>Total Liabilities, Deferred Inflows of Resources And Fund Balances</b>	<u>\$ 4,955,046</u>	<u>\$ 1,701,207</u>	<u>\$ 0</u>	<u>\$ 2,710</u>	<u>\$ 6,658,963</u>		
<b>Net Position:</b>							
Net investment in capital assets						4,164,486	4,164,486
Unrestricted						(5,133,532)	(5,133,532)
<b>Total Net Position</b>						<u>\$ (969,046)</u>	<u>\$ (969,046)</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, 2018**

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 15)	Statement of Activities
<b>Revenues:</b>							
Tax revenues	\$ 8,881,918	\$	\$	\$	\$ 8,881,918	\$	\$ 8,881,918
Fines, fees and sales	13,784				13,784		13,784
Program fees	37,185				37,185		37,185
Local Incentive Aid	10,102				10,102		10,102
Other grants and aid	15,500				15,500		15,500
Payments in lieu of taxes	21,542				21,542		21,542
Copier machine/printing income	16,551				16,551		16,551
Interest	31,675	10,467			42,142		42,142
Lost books paid	2,475				2,475		2,475
Telephone/fax fees	2,730				2,730		2,730
Donations and miscellaneous income	17,005				17,005		17,005
<b>Total Revenues</b>	<b>\$ 9,050,467</b>	<b>\$ 10,467</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,060,934</b>	<b>\$ 0</b>	<b>\$ 9,060,934</b>

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, 2018**

	General Fund	Capital Fund	Grant Fund	Trust & Agency Fund	Total of Funds	Adjustments (Note 15)	Statement of Activities
<b>Expenditures/Expenses- Library Services:</b>							
Salaries and wages	\$ 3,939,045	\$	\$		\$ 3,939,045	\$ 27,120	\$ 3,966,165
Employee benefits	2,189,956				2,189,956	(55,420)	2,134,536
Library services/materials	805,403				805,403		805,403
Library operations	440,266	6,710			446,976		446,976
Building operations	592,586				592,586		592,586
Capital outlay	124,928	1,152,796			1,277,724	(1,277,724)	
Depreciation						248,961	248,961
<b>Total Expenditures/Expenses</b>	<b>8,092,184</b>	<b>1,159,506</b>	<b>0</b>	<b>0</b>	<b>9,251,690</b>	<b>(1,057,063)</b>	<b>8,194,627</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>958,283</b>	<b>(1,149,039)</b>	<b>0</b>	<b>0</b>	<b>(190,756)</b>	<b>1,057,063</b>	
<b>Other Financing Sources (Uses):</b>							
Transfers- internal activities	(400,000)	400,000	0	0	0		
<b>Excess Of Revenues &amp; Other Financing Sources (Uses) Over Expenditures</b>	<b>558,283</b>	<b>(749,039)</b>	<b>0</b>	<b>0</b>	<b>(190,756)</b>	<b>190,756</b>	
<b>Change In Net Position</b>							
Fund balance/net position- beginning of year	3,959,848	2,260,546	(14)	0	6,220,380	(8,055,733)	(1,835,353)
<b>Fund Balance/Net Position- End Of The Year</b>	<b>\$ 4,518,131</b>	<b>\$ 1,511,507</b>	<b>\$ (14)</b>	<b>\$ 0</b>	<b>\$ 6,029,624</b>	<b>\$ (6,998,670)</b>	<b>\$ (969,046)</b>

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

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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 \$6,607,143 (excludes petty cash) and the bank balance was \$6,632,704. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$5,632,704 was covered by collateral in the form of an irrevocable Letter of Credit held by the Library.

**HUNTINGTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4:      Certificates of Deposit**

As of June 30, 2018 the Library had \$2,000,000 invested in certificates of deposit. The details are as follows:

<u>Bank</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Rate of Investment</u>	<u>Balance as of 6/30/2018</u>
TD Bank	04/20/18	07/19/18	1.70%	1,000,000
TD Bank	05/21/18	08/20/18	1.81%	1,000,000
Total				<u>\$ 2,000,000</u>

**NOTE 5:      Capital Assets**

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

	<u>Balance as of 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of 6/30/2018</u>
<b>Assets not being depreciated:</b>				
Fine arts	\$ 38,050	\$ 0	\$ 0	\$ 38,050
Construction in progress	155,841	1,096,446	0	1,252,287
<b>Other capital assets:</b>				
Building improvements	5,339,474	9,268	0	5,348,742
Leasehold improvements	0	38,999	0	38,999
Fixtures	1,346,600	0	0	1,346,600
Furniture and equipment	<u>736,736</u>	<u>133,011</u>	<u>(8,583)</u>	<u>861,164</u>
Total	7,616,701	1,277,724	(8,583)	8,885,842
Accumulated depreciation	<u>(4,480,978)</u>	<u>(248,961)</u>	<u>8,583</u>	<u>(4,721,356)</u>
Net Book Value	<u>\$ 3,135,723</u>	<u>\$ 1,028,763</u>	<u>\$ 0</u>	<u>\$ 4,164,486</u>

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6:     Accounts Payable**

Accounts payable consisted of unpaid invoices at June 30, 2018.

**NOTE 7:     Long Term Debt**

The following is a summary of changes in long-term debt for the period ended June 30, 2018:

	<b>Balance 7/1/2017</b>	<b>Increases</b>	<b>Reductions</b>	<b>Balance 6/30/2018</b>	<b>Non-current liabilities</b>	
					<b>Due within one year</b>	<b>Due after one year</b>
Compensated absences	\$ 363,200	\$ 29,195	\$ 0	\$ 392,395	\$ 59,470	\$ 332,925
Net pension liability	1,333,314	0	888,240	445,074	0	445,074
Other post-employment benefits payable	9,775,387	12,117	0	9,787,504	0	9,787,504
	<u>\$ 11,471,901</u>	<u>\$ 41,312</u>	<u>\$ 888,240</u>	<u>\$ 10,624,973</u>	<u>\$ 59,470</u>	<u>\$ 10,565,503</u>

**NOTE 8:     Compensated Absences Payable**

The Library has an accumulated liability as of June 30, 2018 for unused sick and vacation pay amounting to \$392,395. \$59,470 of this liability is expected to be paid within the next twelve months.

**NOTE 9:     Funds Committed For Specific Purposes**

A summary of changes in committed funds for the year ending June 30, 2018 is as follows:

	<b>Balance as of 7/1/2017</b>	<b>Funds Committed (Uncommitted)</b>	<b>Funds Expended</b>	<b>Balance as of 6/30/2018</b>
<b>Funds Committed For:</b>				
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	1,074,203	793,771	0	1,867,974
Total	<u>\$ 1,174,203</u>	<u>\$ 793,771</u>	<u>\$ 0</u>	<u>\$ 1,967,974</u>

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10: Assigned Fund Balance**

The components of the assigned fund balance as of June 30, 2018 are as follows:

	<u>Capital Fund</u>	<u>Grant Fund</u>	<u>Total</u>
<b>Assigned For:</b>			
Assigned for capital projects	\$ 1,511,507	\$ 0	\$ 1,511,507

**NOTE 11: 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, 2014, he was elected for a new term commencing January 1, 2015. 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](http://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, 2018**

**NOTE 11:**    **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, 2018**

**NOTE 11:**    **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, 2018**

**NOTE 11:**    **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 \$536,535, for the 2017 fiscal year it was \$577,092 and for the 2016 fiscal year it was \$616,686.



**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

- D. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2018, the Huntington Public Library reported a liability of \$445,074 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, 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, 2018, the Huntington Public Library's proportion was 0.0137903 percent which was a decrease of .0003996% from its proportion measured at June 30, 2017.

For the year ended June 30, 2018, the Huntington Public Library recognized pension expense of \$521,129. At June 30, 2018, the Huntington Public Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Difference between expected and actual experience	\$ 158,743	\$ 131,180
Changes in assumptions	295,121	0
Net difference between projected and actual investment earnings on pension plan investments	646,434	1,275,997
Changes in proportion and differences between employer contributions and proportionate share of contributions	65,840	61,330
Library's contributions subsequent to the measurement date	<u>135,977</u>	<u>0</u>
Total	<u>\$ 1,302,115</u>	<u>\$ 1,468,507</u>

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

- D. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: (Continued)** \$135,977 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, 2019. 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>
2019	\$ 78,334
2020	91,590
2021	(316,505)
2022	(155,788)
2023	<u>0</u>
Total	<u>\$ (302,369)</u>

- E. Actuarial Assumptions:** The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.80%
Investment rate of return (net of investment expense, including inflation)	7.00%
Cost of living adjustments	1.30%

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

- E. Actuarial Assumptions: (Continued)** Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2017 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation-Indexed bonds	4.00%	1.50%
Total	100.00%	

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

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11:    Retirement Plan (Continued)**

**E.    Actuarial Assumptions: (Continued)**

*Discount Rate* – The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption* – The following presents the current-period net pension liability of the Library, calculated using the current-period discount rate assumption of 7.0 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0 percent) or 1 percentage-point higher (8.0 percent) than the current assumption:

	<b><u>1%</u></b>		<b><u>Current</u></b>		<b><u>1%</u></b>
	<b><u>Decrease</u></b>		<b><u>Assumption</u></b>		<b><u>Increase</u></b>
	<b><u>(6.0%)</u></b>		<b><u>(7.0%)</u></b>		<b><u>(8.0%)</u></b>
Library's proportionate share of the net pension liability	\$ 3,367,548	\$	445,074	\$	(2,027,223)

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11: 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, 2018, in thousands of dollars was as follows:

	<u><b>Total</b></u>
Employers' total pension liability	\$ 183,400,590
Plan net position	<u>(180,173,145)</u>
Employers' net pension liability	<u>\$ 3,227,445</u>
Ratio of plan net position to the Employers' total pension liability	98.24%

**NOTE 12: Post-employment Benefits Other Than Pensions**

- A. Plan Description:** The New York State Department of Civil Service (DCS) administers the New York Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, and participating public authorities and local governmental units, such as the 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  
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**NOTE 12: 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, 2018, Huntington Public Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$341,738 (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 \$81,146. The retiree's share of premiums for health insurance is withheld from their monthly NYS retirement pension payment.

As of June 30, 2018 the following employees were covered by the benefit terms:

Active employees	44
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>82</u></u>

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12: Post-employment Benefits Other Than Pensions (Continued)**

**C. Total Other Post-employment Benefit (OPEB) Liability:** The Library's total OPEB liability of \$9,787,504 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

**D. Actuarial Assumptions and Other Inputs:**

Inflation	2.00%
Salary increases	2.50%
Discount Rate	3.87%
2017 Medical Trend Rates (Pre-65/Post-65)	9.00% / 5.00%
2018 Medical Trend Rates (Pre-65/Post-65)	8.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	2025/2017

The discount rate was based on the *S&P Municipal Bond 20 Year High Grade Index* as of July 1, 2017.

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

**E. Changes In The Total OPEB Liability:**

Balance at June 30, 2017	\$ <u>9,775,387</u>
Changes for the year:	
Service cost	434,392
Interest	359,171
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(424,156)
Benefit payments	<u>(357,290)</u>
Net changes	<u>12,117</u>
Balance at June 30, 2018	\$ <u><u>9,787,504</u></u>

**HUNTINGTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

*Sensitivity of the total OPEB liability to changes in the 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 (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	<b>1% Decrease (2.87%)</b>	<b>Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Total OPEB Liability	\$ 11,369,735	\$ 9,787,504	\$ 8,509,208

*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 (8.00% decreasing to 4.00%) or 1 percentage point higher (10.00% decreasing to 6%) than the current healthcare cost trend rate:

	<b>1% Decrease (8.00% Decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rate (9.00% Decreasing to 5.00%)</b>	<b>1% Increase (10.00% Decreasing to 6.00%)</b>
Total OPEB Liability	\$ 8,247,105	\$ 9,787,504	\$ 11,798,803

- F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:** For the year ending June 30, 2018, the Library recognized OPEB expense of \$741,198. At June 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	371,791
Total	\$ 0	\$ 371,791



**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

- F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: (Continued)** Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount Recognized</u>
2019	\$ (52,365)
2020	(52,365)
2021	(52,365)
2022	(52,365)
2023	(52,365)
Thereafter	<u>(109,966)</u>
Total	<u>\$ (371,791)</u>

**NOTE 13: Restatement of Prior Year Fund Balance and Net Position**

The Library has restated its beginning net position and obligation for other post-employment benefits to reflect the cumulative effect of applying GASB 75. This new standard requires the Library to recognize its entire OPEB liability and allows for a more comprehensive measure of the OPEB expense. As a result of reflecting the increased OPEB liability, the Library's net position at June 30, 2017 has decreased by \$6,867,847.

The Library has also restated its beginning fund balance to reflect the accrual of the retirement contribution at June 30, 2017. As a result of reflecting the additional liability, the Library's fund balance at June 30, 2017 has decreased by \$134,134. The changes are as follows:

	<u>Total Fund Balance</u>	<u>Total Net Position</u>
<b>Original Fund balance/net position reported at June 30, 2017</b>	\$ 6,354,514	\$ 5,032,494
Adjustments to be made:		
To record additional deferred outflows of resources on pension	0	134,134
To record retirement accrual at June 30, 2017	(134,134)	(134,134)
To record entire OPEB liability at June 30, 2017	0	(6,443,691)
To record deferred inflows of resources on OPEB	<u>0</u>	<u>(424,156)</u>
<b>Restated Fund Balance/Net Position at June 30, 2017</b>	<u>\$ 6,220,380</u>	<u>\$ (1,835,353)</u>

**HUNTINGTON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 14: 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.

In 2016 the Library signed a three year lease for a postage meter. The lease agreement calls for monthly payments of \$228.

For the fiscal year ending June 30, 2018 the Library made rental payments for the equipment of \$2,736 and for the space at 1335 New York Avenue of \$279,963.

The future minimum lease commitments are detailed as follows:

<b>Year Ending June 30,</b>	<b>Postage Meter</b>	<b>Station Branch</b>	<b>Total Minimum Commitment</b>
2019	\$ 1,368	\$ 341,213	\$ 342,581
2020	0	373,680	373,680
2021	0	384,890	384,890
2022	0	396,437	396,437
2023	0	0	0
Total	<u>\$ 1,368</u>	<u>\$ 1,496,220</u>	<u>\$ 1,497,588</u>

**HUNTINGTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 15: 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** \$ 6,029,624

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

- Capital assets are not financial resources, and are not reported in the funds 4,164,486
- Deferred outflows on pension is not reported in the funds 1,302,115
- Compensated absences, not anticipated to be paid within the next twelve months, are included as a liability (392,395)
- Net pension liability is included in the funds (445,074)
- The obligation for other post-employment benefits are not reported in the funds (9,787,504)
- Deferred inflows on pension is not reported in the funds (1,468,507)
- Deferred inflows on OPEB is not reported in the funds (371,791)

**Total Net Position-Full Accrual Basis** \$ (969,046)

**Net Change in Fund Balance-Modified Accrual Basis** \$ (190,756)

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 1,277,724
  - Depreciation expense (248,961)
- (Increase)/decrease in the accruals for items reported as an expenditure in the statements of activities, not in the fund statements:
  - Compensated absences (29,195)
  - Net pension expenses 17,247
  - Post-employment health costs 40,248

**Change In Net Position-Full Accrual Basis** \$ 866,307

**HUNTINGTON PUBLIC LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Tax revenues	\$ 8,881,918	\$ 8,881,918	\$ 8,881,918	\$ 0
<b>Operating Revenue:</b>				
Fines, fees and sales	32,000	32,000	13,784	(18,216)
Program fees and net attraction ticket sales	20,000	20,000	37,185	17,185
Local Incentive Aid	8,000	8,000	10,102	2,102
Other grants and aid	0	0	15,500	15,500
Payments in lieu of taxes	0	0	21,542	21,542
Copier machine/printing income	15,000	15,000	16,551	1,551
Interest	4,000	4,000	31,675	27,675
Lost books paid	3,000	3,000	2,475	(525)
Telephone/fax fees	3,000	3,000	2,730	(270)
Donations and miscellaneous income	18,000	18,000	17,005	995
<b>Total Operating Revenue</b>	<u>103,000</u>	<u>103,000</u>	<u>168,549</u>	<u>65,549</u>
<b>Non-Operating Revenue:</b>				
Transfer from fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Revenues</b>	<u>\$ 8,984,918</u>	<u>\$ 8,984,918</u>	<u>\$ 9,050,467</u>	<u>\$ 65,549</u>
<b>Expenditures:</b>				
<b>Salaries and Wages:</b>				
Professional	\$ 2,350,752	\$ 2,350,752	\$ 2,219,353	\$ 131,399
Clerical	1,078,292	1,078,292	1,038,321	39,971
Custodial/Guard	625,005	625,005	550,169	74,836
Pages	188,823	188,823	131,202	57,621
<b>Total Salaries and wages</b>	<u>4,242,872</u>	<u>4,242,872</u>	<u>3,939,045</u>	<u>303,827</u>
<b>Employee Benefits:</b>				
Retirement	600,000	600,000	538,378	61,622
Social security	324,580	324,580	290,498	34,082
Health insurance	1,125,000	1,125,000	1,208,366	(83,366)
Dental and optical plan	90,000	90,000	82,803	7,197
Workers compensation and disability	80,000	80,000	69,911	10,089
Unemployment insurance	5,000	5,000	0	5,000
<b>Total Employee Benefits</b>	<u>\$ 2,224,580</u>	<u>\$ 2,224,580</u>	<u>\$ 2,189,956</u>	<u>\$ 34,624</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>				
<b>Library Services/Materials:</b>				
Books - Village - adult	\$ 76,500	\$ 76,500	\$ 84,244	\$ (7,744)
Books - Village - children	31,500	31,500	18,942	12,558
Reference/standing orders	58,000	58,000	43,247	14,753
Books - Station	31,500	31,500	30,153	1,347
Books - Village - young adult	10,800	10,800	6,907	3,893
Electronic resources	95,000	95,000	108,828	(13,828)
Book refunds	1,000	1,000	345	655
Processing	40,000	40,000	30,066	9,934
Periodicals	50,000	50,000	35,911	14,089
Microfilm/C.D. software/Games	7,000	7,000	1,355	5,645
C.D.'s/Audio Books	28,800	28,800	17,323	11,477
D.V.D.'s/Videos	64,600	64,600	46,218	18,382
Downloadables	150,000	150,000	172,447	(22,447)
Programs - adult	52,000	52,000	60,065	(8,065)
Programs - children	45,000	45,000	34,681	10,319
Programs - young adult	16,000	16,000	6,469	9,531
Programs- Station	40,000	40,000	28,307	11,693
Programs - literacy/ESL	15,000	15,000	14,400	600
Programs - senior services	5,000	5,000	3,307	1,693
Museum passes	12,000	12,000	10,920	1,080
Attraction Tickets	3,000	3,000	0	3,000
Public relations/newsletter	47,000	47,000	51,268	(4,268)
<b>Total Library Materials/Services</b>	<u>\$ 879,700</u>	<u>\$ 879,700</u>	<u>\$ 805,403</u>	<u>\$ 74,297</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>				
<b>Library Operations:</b>				
Library and general supplies	\$ 50,000	\$ 50,000	\$ 32,545	\$ 17,455
Telecommunications	80,000	80,000	85,934	(5,934)
Telephone services	5,000	5,000	3,944	1,056
General postage	3,000	3,000	2,198	802
Printing	6,000	6,000	5,083	917
Printing supplies	5,000	5,000	3,054	1,946
Integrated library system	40,000	40,000	27,648	12,352
Software/automation	35,000	35,000	33,196	1,804
Staff training	15,000	15,000	8,712	6,288
Travel and professional meetings	35,000	35,000	15,949	19,051
Errand service	5,400	5,400	5,277	123
SCLS member services	80,000	80,000	66,202	13,798
Audit and accounting service	10,500	10,500	10,900	(400)
Legal service	15,000	15,000	12,982	2,018
Payroll service	16,000	16,000	22,711	(6,711)
Professional fees - other	20,000	20,000	24,477	(4,477)
Membership	6,000	6,000	4,833	1,167
Copy machine expense	12,000	12,000	0	12,000
Equipment maintenance and repair	20,000	20,000	25,015	(5,015)
Minor furniture & equipment	40,000	40,000	38,437	1,563
Annual budget vote	4,000	4,000	2,626	1,374
Fees and bond	5,200	5,200	5,201	(1)
Board meetings/travel/miscellaneous	1,000	1,000	3,342	(2,342)
<b>Total Library Operations</b>	<u>\$ 509,100</u>	<u>\$ 509,100</u>	<u>\$ 440,266</u>	<u>\$ 68,834</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>				
<b>Building Operations:</b>				
Rent - Station branch	\$ 246,616	\$ 246,616	\$ 279,963	\$ (33,347)
Insurance	60,000	60,000	38,898	21,102
Gas/heat	13,000	13,000	17,878	(4,878)
Electric/power	160,000	160,000	119,993	40,007
Water	1,300	1,300	1,473	(173)
Maintenance repairs	50,000	50,000	64,700	(14,700)
Maintenance supplies	30,000	30,000	20,549	9,451
Maintenance services	55,750	55,750	49,132	6,618
<b>Total Building Operations</b>	<u>616,666</u>	<u>616,666</u>	<u>592,586</u>	<u>24,080</u>
<b>Capital Outlay:</b>				
Furniture, fixtures and other equipment	62,000	62,000	43,671	18,329
Computers	50,000	50,000	42,258	7,742
Building improvement/renovation	100,000	100,000	38,999	61,001
Development fund	300,000	300,000	0	300,000
<b>Total Capital Outlay</b>	<u>512,000</u>	<u>512,000</u>	<u>124,928</u>	<u>387,072</u>
<b>Total Expenditures</b>	<u>8,984,918</u>	<u>8,984,918</u>	<u>8,092,184</u>	<u>892,734</u>
<b>Excess Of Revenues Over Expenditures</b>	0	0	958,283	958,283
<b>Other Financing Sources (Uses):</b>				
Transfer to Capital Fund	<u>0</u>	<u>0</u>	(400,000)	<u>(400,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(400,000)</u>	<u>(400,000)</u>
<b>Excess Of Revenues Over Expenditures And Other Financing Uses</b>	0	0	558,283	558,283
Budgetary fund balance- beginning of year	<u>3,959,848</u>	<u>3,959,848</u>	<u>3,959,848</u>	<u>3,959,848</u>
<b>Budgetary Fund Balance - End Of Year</b>	<u>\$ 3,959,848</u>	<u>\$ 3,959,848</u>	<u>\$ 4,518,131</u>	<u>\$ 4,518,131</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 2018 FISCAL YEAR\*\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	0.01379%	0.01419%	0.01297%	0.01251%
Library's proportionate share of the net pension liability (asset)	\$445,074	\$1,333,314	\$2,081,534	\$422,682
Library's covered-employee payroll	\$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	12.68907%	35.71036%	63.27882%	13.14346%
Plan fiduciary net position as a percentage of the total pension liability	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 2018 FISCAL YEAR**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 536,535	\$ 577,092	\$ 616,686	\$ 426,123
Contributions in relation to the contractually required contribution	<u>536,535</u>	<u>577,092</u>	<u>616,686</u>	<u>426,123</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Library's covered-employee payroll	\$ 3,507,539	\$ 3,733,690	\$ 3,289,464	\$ 3,215,910
Contributions as a percentage of covered-employee payroll	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>2018</u>
Service Cost	\$ 434,392
Interest	359,171
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(424,156)
Benefit payments	<u>(357,290)</u>
Net Change in total OPEB liability	12,117
Total OPEB liability- beginning	<u>9,775,387</u>
Total OPEB liability- ending	<u>\$ 9,787,504</u>
Covered-employee payroll	\$ 2,916,300
Total OPEB liability as a % of covered-employee payroll	335.61%

Notes to schedule:

Changes of benefit terms: None

Changes of assumptions: The discount rate was 3.58% as of June 30, 2017 and  
3.87% as of June 30, 2018.

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