



**MIDDLE COUNTRY PUBLIC LIBRARY
TOWN OF BROOKHAVEN, NEW YORK**

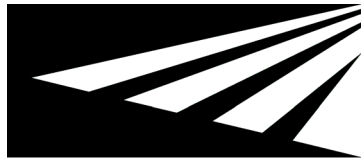
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

TOGETHER WITH AUDITOR'S REPORTS

**MIDDLE COUNTRY PUBLIC LIBRARY
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NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Middle Country Public Library
Town of Brookhaven, New York:

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

NawrockiSmith

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

NawrockiSmith

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 4-11 and 39-42, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Hauppauge, New York
October 17, 2023



**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of the Library's financial performance for the fiscal year ended June 30, 2023. This section is a summary of the Library's financial activities based on currently known facts, decisions or conditions. It is also based on both the entity-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- On April 5, 2022, the Library's voters passed the 2023/2024 budget in the amount of \$15,199,140.
- During the past fiscal year, the circulation of library materials exceeded 626,000; 5,570 program session (virtual, in-person and recorded) were offered with 86,258 attendees. Individual library visits were numbered at 200,766.
- The Library receives grants and donations from other sources such as foundations, corporations and other government entities, which are used to support the Library's regional and national projects including Family Place Libraries™, the Miller Business Center, and the 2-1-1 Long Island Database. Over the years, the Library has expanded its scope of grant funding to include the Nature Explorium, specialized teen programs and financial literacy. During fiscal year 2023, \$133,412 was facilitated through the efforts of the Middle Country Library Foundation, reflected as part of the Special Aid Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis ("MD&A"; this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of financial statements that present different views of the Library:

- The first two financial statements are *entity-wide* financial statements that provide both *short-term* and *long-term* information about the Library's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Library, reporting the Library's operations in *more detail* than the entity-wide financial statements.
- The *governmental fund financial statements* tell how the Library's program services and support functions 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 financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Library's budget for the year.

Table A-1 summarizes the major features of the Library's financial statements, including the portion of the Library's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the financial statements.

**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-1 Major Features of the Entity-Wide and Fund Financial Statements		
	Entity-Wide	Fund Financial Statements
Scope	Entire Library	The current activities of the Library
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that become due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures for which goods or services have been received and the related liability is due and payable

Entity-Wide Financial Statements

The entity-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two entity-wide financial statements report the Library's *net position* and how it has changed. Net position - the difference between the Library's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the Library's financial health or *position*.

- Over time, increases or decreases in the Library's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Library's overall health, you need to consider additional nonfinancial factors such as changes in the Library's property tax base, changes in population and the condition of buildings and other facilities.

In the entity-wide financial statements, the Library's activities are shown as *governmental activities*. Most of the Library's basic services are included here, such as regular and special programs for the community, and administration. Property taxes finance most of these activities.

**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds - not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Library establishes other funds to control and to manage money for particular purposes (such as capital projects) or to show that it is properly using certain revenues (such as special grants).

The Library's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the entity-wide financial statements, reconciliations of the entity-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position decreased by \$391,233 for the fiscal year ended June 30, 2023. A condensed summary of the Library's Statement of Net Position as of June 30, 2023 and 2022 is detailed in Table A-2 below.

	<u>06/30/23</u>	<u>06/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 14,817,291	\$ 13,726,969	\$ 1,090,322	7.9
Noncurrent assets	<u>3,874,450</u>	<u>5,615,899</u>	<u>(1,741,449)</u>	(31.0)
Total assets	<u>18,691,741</u>	<u>19,342,868</u>	<u>(651,127)</u>	(3.4)
Deferred outflows of resources	<u>5,551,064</u>	<u>7,066,995</u>	<u>(1,515,931)</u>	(21.5)
Current liabilities	2,320,934	2,154,572	166,362	7.7
Long-term liabilities	<u>28,335,972</u>	<u>23,096,235</u>	<u>5,239,737</u>	22.7
Total liabilities	<u>30,656,906</u>	<u>25,250,807</u>	<u>5,406,099</u>	21.4
Deferred inflows of resources	<u>6,108,553</u>	<u>13,290,477</u>	<u>(7,181,924)</u>	(54.0)
Net position:				
Invested in capital assets, net	3,800,221	3,560,783	239,438	6.7
Restricted	7,789,111	8,220,849	(431,738)	(5.3)
Unrestricted	<u>(24,111,986)</u>	<u>(23,913,053)</u>	<u>(198,933)</u>	(0.8)
Total net position	<u>\$ (12,522,654)</u>	<u>\$ (12,131,421)</u>	<u>\$ (391,233)</u>	(3.2)

Net position invested in capital assets, net is the Library's investment in capital assets such as building improvements, books and holdings, technology and furniture and equipment reduced by accumulated depreciation and lease liabilities.

**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The restricted net position represents the Library's General Fund restricted fund balance of \$2,772,658, Special Aid Fund restricted fund balance of \$1,622,964 and Capital Projects Fund restricted fund balance of \$3,393,489.

The unrestricted net deficit balance of \$24,111,986 represents the Library's net position that is not related to the Library's investment in capital assets or those assets required to be reported as restricted as noted above. The unrestricted net deficit decreased by \$198,933 for the fiscal year ended June 30, 2023. Note that this deficit is primarily due to the requirement under GASB Statement No. 75, that the Library record its total long-term obligation for postemployment benefits in the amount of \$23,247,857.

Changes in Net Position

The Statement of Activities reports the results of the current year's operations and the effect on net position in the accompanying financial statements. A summary of changes in net position from operating results follows in Table A-3.

	<u>06/30/23</u>	<u>06/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 49,847	\$ 40,409	\$ 9,438	23.4
Operating grants	590,516	357,899	232,617	65.0
General revenues:				
Real property taxes	15,093,103	15,006,601	86,502	0.6
State sources	283,745	17,870	265,875	1,487.8
Use of money and property	294,211	24,311	269,900	1,110.2
Miscellaneous	34,766	24,544	10,222	41.6
Total revenues	<u>16,346,188</u>	<u>15,471,634</u>	<u>874,554</u>	5.7
Expenses				
Public library services	16,736,185	16,482,708	253,477	1.5
Debt service - interest	1,236	998	238	23.8
Total expenses	<u>16,737,421</u>	<u>16,483,706</u>	<u>253,715</u>	1.5
Decrease in net position	(391,233)	(1,012,072)	620,839	61.3
Net position (deficit), beginning of year	<u>(12,131,421)</u>	<u>(11,119,349)</u>	<u>(1,012,072)</u>	(9.1)
Net position (deficit), end of year	<u>\$ (12,522,654)</u>	<u>\$ (12,131,421)</u>	<u>\$ (391,233)</u>	(3.2)

Revenues for the Library's governmental activities totaled \$16,346,188 while total expenses equaled \$16,737,421 which resulted in a decrease in net position for governmental activities of \$391,233 for the 2023 fiscal year. The Library's financial condition is affected by:

- Continued prudent fiscal policy and oversight;
- Approval of the Library's proposed annual budget; and
- Community and foundation support of the services provided by the Library.

**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-4: Sources of Revenues for Fiscal Year 2023

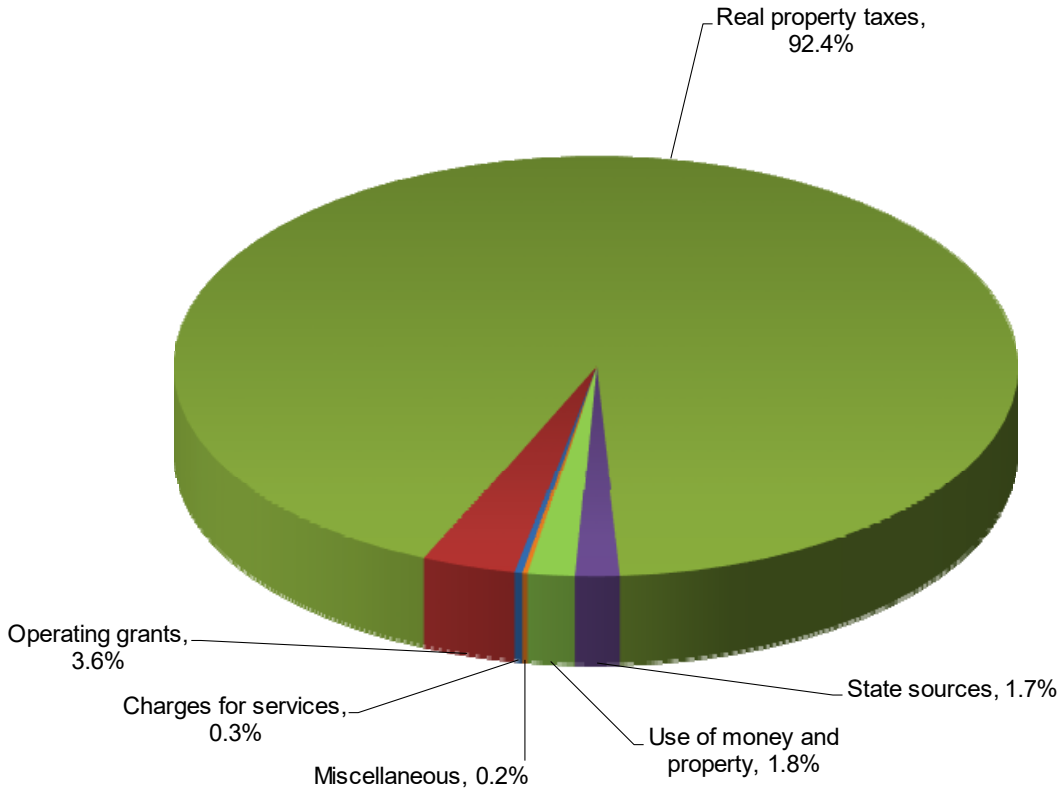
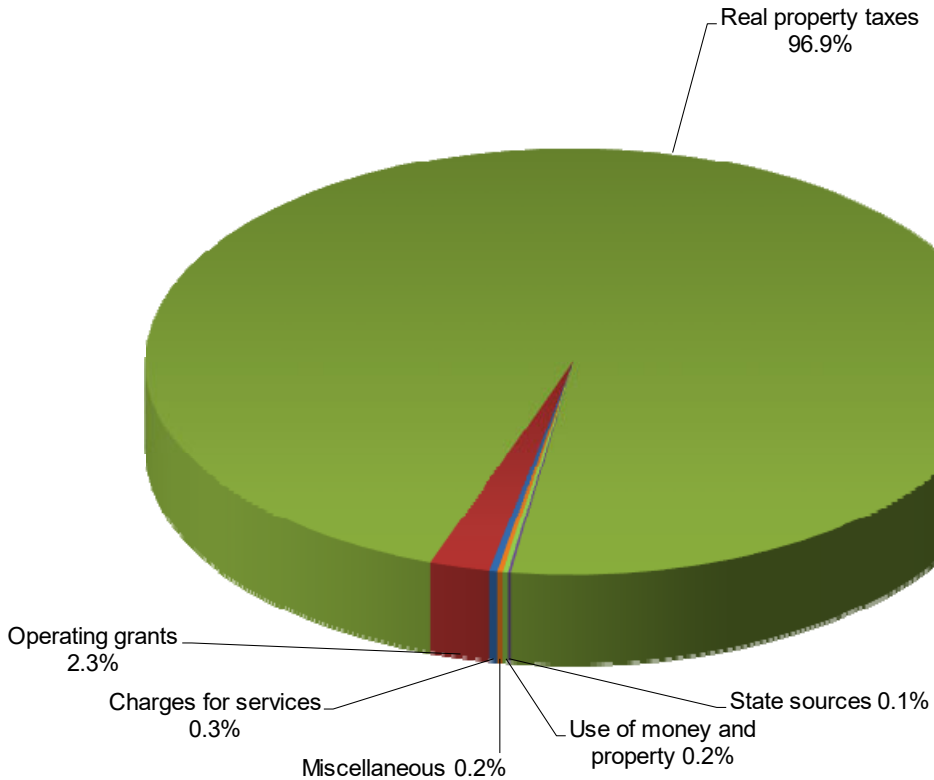


Table A-5: Sources of Revenues for Fiscal Year 2022



**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The Library's net position decreased by \$391,233 for the 2023 fiscal year. The Library's total revenues for the year ended June 30, 2023 increased by 5.7 percent, or \$874,554 (See Table A-3). The increase in revenues was the result of an increase in operating grants, real property taxes, state sources and use of money and property.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the entity-wide financial statements. The Library's governmental funds are presented on a current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include capital assets and long-term debt.

At June 30, 2023, the Library's governmental funds reported a combined fund balance of \$12,525,891, which is an increase of \$929,513 from June 30, 2022. Fund balances for the Library's governmental funds for the past two years were distributed as follows:

Table A-6: Fund Balances - Governmental Funds				
	<u>06/30/23</u>	<u>06/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Retirement contributions	\$ 1,965,708	\$ 1,965,708	\$ -	-
Technology	806,950	806,950	-	-
Assigned:				
Designated for subsequent years' expenditures	400,000	400,000	-	-
Encumbrances	462,461	532,015	(69,554)	(13.1)
Unassigned	<u>3,874,319</u>	<u>2,443,514</u>	<u>1,430,805</u>	58.6
Total General Fund	<u>7,509,438</u>	<u>6,148,187</u>	<u>1,361,251</u>	22.14
Special Aid Fund				
Restricted:				
Special Aid Fund	<u>1,622,964</u>	<u>1,544,527</u>	<u>78,437</u>	5.1
Total Special Aid Fund	<u>1,622,964</u>	<u>1,544,527</u>	<u>78,437</u>	5.1
Capital Projects Fund				
Restricted:				
Capital Projects Fund	<u>3,393,489</u>	<u>3,903,664</u>	<u>(510,175)</u>	(13.1)
Total Capital Projects Fund	<u>3,393,489</u>	<u>3,903,664</u>	<u>(510,175)</u>	(13.1)
Total fund balance	<u>\$ 12,525,891</u>	<u>\$ 11,596,378</u>	<u>\$ 929,513</u>	8.0

**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

At June 30, 2023, the Library's unassigned fund balance was \$3,874,319. The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2023:

Unassigned fund balance, beginning of year	\$	2,443,514
Add:		
Prior-year appropriated fund balance		400,000
Prior-year encumbrances		532,015
Net change in fund balance		1,361,251
Less:		
Current-year appropriated fund balance		(400,000)
Current-year encumbrances		(462,461)
		(462,461)
Unassigned fund balance, end of year	\$	3,874,319

General Fund Budgetary Highlights

Reference is made to the supplementary schedule on page 39 which presents original and revised budget amounts, as well as actual results for the Library's General Fund.

- Actual revenues were higher than the final budgeted revenues by approximately \$338,000.
- Actual expenditures were approximately \$1,447,000 less than the final budget (not including interfund transfers) primarily due to lower than anticipated costs in salaries and operating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2023, the Library had invested in a broad range of capital assets including building improvements, books, equipment and technology. More detailed information about capital assets can be found in the Notes to Financial Statements.

	<u>06/30/23</u>	<u>06/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
Building improvements	\$ 185,609	\$ 288,477	\$ (102,868)	(35.7)
Books and other holdings	2,237,952	2,328,284	(90,332)	(3.9)
Furniture and equipment	1,377,274	944,022	433,252	45.9
Right-to-use leased assets	73,615	57,481	16,134	28.1
Totals	\$ 3,874,450	\$ 3,618,264	\$ 256,186	7.1

**MIDDLE COUNTRY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

FACTORS BEARING ON THE LIBRARY'S FUTURE

- U.S. generally accepted accounting principles require that the Library recognize and report postemployment benefit expenditures in its entity-wide financial statements, and recommend a portion of these liabilities be funded once the authorities have established trust funds for that purpose. The Library's unfunded postemployment benefit obligation has been determined to be approximately \$23 million. Funding of this liability will place a greater demand on the community in the future.

- In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012 through at least June 15, 2023, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Library's citizens, taxpayers, customers, investors and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Middle Country Public Library
Sophia Serlis-McPhillips, Director
101 Eastwood Boulevard
Centereach, New York 11720
(631) 585-9393

MIDDLE COUNTRY PUBLIC LIBRARY
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current assets:	
Cash	\$ 14,668,178
Accounts receivable	149,113
Capital assets, net of accumulated depreciation of \$10,718,761	<u>3,874,450</u>
Total assets	<u>18,691,741</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	2,169,615
Pension related	<u>3,381,449</u>
Total deferred outflows of resources	<u>5,551,064</u>
LIABILITIES	
Current liabilities:	
Accounts payable	32,574
Due to employees' retirement system	216,674
Compensated absences	1,052,867
Lease liabilities	29,534
Unearned revenue	989,285
Noncurrent liabilities, due after one year:	
Proportionate share of net pension liability	5,043,420
Lease liabilities	44,695
Postemployment benefits	<u>23,247,857</u>
Total liabilities	<u>30,656,906</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related	5,729,062
Pension related	<u>379,491</u>
Total deferred inflows of resources	<u>6,108,553</u>
NET POSITION	
Invested in capital assets	3,800,221
Restricted:	
Retirement contributions	1,965,708
Technology	806,950
Special Aid Fund	1,622,964
Capital Projects Fund	3,393,489
Unrestricted	<u>(24,111,986)</u>
Total net position	<u><u>\$ (12,522,654)</u></u>

The accompanying notes to financial statements are an
integral part of this statement.

**MIDDLE COUNTRY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Functions and programs:				
Public library services	\$ 16,736,185	\$ 49,847	\$ 590,516	\$ (16,095,822)
Debt service - interest	1,236	-	-	(1,236)
Total functions and programs	<u>\$ 16,737,421</u>	<u>\$ 49,847</u>	<u>\$ 590,516</u>	<u>(16,097,058)</u>
General revenues:				
Real property taxes				15,093,103
State sources				283,745
Use of money and property				294,211
Miscellaneous				34,766
Total general revenues				<u>15,705,825</u>
Change in net position				(391,233)
Total net position, beginning of year				<u>(12,131,421)</u>
Total net position, end of year				<u>\$ (12,522,654)</u>

The accompanying notes to financial statements are an
integral part of this statement.

**MIDDLE COUNTRY PUBLIC LIBRARY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 8,792,645	\$ 2,482,044	\$ 3,393,489	\$ 14,668,178
Accounts receivable	11,364	137,749	-	149,113
Due from other funds	7,544	-	-	7,544
	<u>7,544</u>	<u>-</u>	<u>-</u>	<u>7,544</u>
Total assets	<u>\$ 8,811,553</u>	<u>\$ 2,619,793</u>	<u>\$ 3,393,489</u>	<u>\$ 14,824,835</u>
LIABILITIES				
Payables:				
Accounts payable	\$ 32,574	\$ -	\$ -	\$ 32,574
Due to employees' retirement system	216,674	-	-	216,674
Due to other funds	-	7,544	-	7,544
Compensated absences	1,052,867	-	-	1,052,867
Unearned revenue	-	989,285	-	989,285
	<u>-</u>	<u>989,285</u>	<u>-</u>	<u>989,285</u>
Total liabilities	<u>1,302,115</u>	<u>996,829</u>	<u>-</u>	<u>2,298,944</u>
FUND BALANCE				
Restricted	2,772,658	1,622,964	3,393,489	7,789,111
Assigned	862,461	-	-	862,461
Unassigned	3,874,319	-	-	3,874,319
	<u>3,874,319</u>	<u>-</u>	<u>-</u>	<u>3,874,319</u>
Total fund balance	<u>7,509,438</u>	<u>1,622,964</u>	<u>3,393,489</u>	<u>12,525,891</u>
Total liabilities and fund balance	<u>\$ 8,811,553</u>	<u>\$ 2,619,793</u>	<u>\$ 3,393,489</u>	<u>\$ 14,824,835</u>

The accompanying notes to financial statements are an
integral part of this statement.

**MIDDLE COUNTRY PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds \$ 12,525,891

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:

Depreciable	\$ 14,593,211	
Accumulated depreciation	<u>(10,718,761)</u>	3,874,450

Long-term liabilities applicable to the Library's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Lease liabilities, net		(74,229)
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Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements.

Deferred outflows of resources	2,169,615	
Total OPEB liability	(23,247,857)	
Deferred inflows of resources	<u>(5,729,062)</u>	(26,807,304)

Pension related items are not reported in the fund financial statements since they are not related to current financial resources. The pension related items included in the governmental activities consist of the following:

Proportionate share of the net pension liability	(5,043,420)	
Deferred outflows of resources	3,381,449	
Deferred inflows of resources	<u>(379,491)</u>	<u>(2,041,462)</u>

Net Position - Governmental Activities		<u><u>\$ (12,522,654)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

MIDDLE COUNTRY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Special Aid	Capital Projects	Total Governmental Funds
REVENUES				
Real property taxes	\$ 15,093,103	\$ -	\$ -	\$ 15,093,103
Charges for services	49,847	-	-	49,847
Use of money and property	294,211	-	-	294,211
Miscellaneous	24,766	-	10,000	34,766
Local sources	-	590,516	-	590,516
State sources	18,245	-	265,500	283,745
Total revenues	<u>15,480,172</u>	<u>590,516</u>	<u>275,500</u>	<u>16,346,188</u>
EXPENDITURES				
Salaries	6,911,051	144,168	-	7,055,219
Employee benefits	3,082,468	37,365	-	3,119,833
Library materials	1,427,252	-	-	1,427,252
Operating expenses	1,986,806	-	-	1,986,806
Computer and software services	326,525	-	-	326,525
Home and community services	-	330,546	-	330,546
Debt service:				
Principal	29,601	-	-	29,601
Interest	1,236	-	-	1,236
Capital outlay	-	-	1,185,675	1,185,675
Total expenditures	<u>13,764,939</u>	<u>512,079</u>	<u>1,185,675</u>	<u>15,462,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,715,233</u>	<u>78,437</u>	<u>(910,175)</u>	<u>883,495</u>
OTHER FINANCING SOURCES (USES)				
Issuance of leases	46,018	-	-	46,018
Transfers in	-	-	400,000	400,000
Transfers out	(400,000)	-	-	(400,000)
Total other financing sources (uses)	<u>(353,982)</u>	<u>-</u>	<u>400,000</u>	<u>46,018</u>
Change in fund balance	1,361,251	78,437	(510,175)	929,513
Fund balance, beginning of year	<u>6,148,187</u>	<u>1,544,527</u>	<u>3,903,664</u>	<u>11,596,378</u>
Fund balance, end of year	<u>\$ 7,509,438</u>	<u>\$ 1,622,964</u>	<u>\$ 3,393,489</u>	<u>\$ 12,525,891</u>

The accompanying notes to financial statements are an
integral part of this statement.

**MIDDLE COUNTRY PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Governmental Funds \$ 929,513

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,607,345	
Depreciation expense	<u>(1,351,159)</u>	256,186

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Lease liabilities issued	(46,018)	
Principal payments on leases	<u>29,601</u>	(16,417)

Changes in the amounts related to the OPEB liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (578,268)

Changes in the proportionate share of net pension asset (liability) reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. (982,247)

Net Change in Net Position - Governmental Activities \$ (391,233)

The accompanying notes to financial statements are an
integral part of this statement.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Middle Country Public Library (the "Library") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the Library are described below:

A. Reporting entity

The reporting entity of the Library is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Library. The Library is not a component unit of another reporting entity. The decision to include a potential component unit in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no component units included in the Library's financial statements.

B. Basis of presentation

1. Entity-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the Library's governmental activities. These financial statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

2. Fund financial statements

The fund financial statements provide information about the Library's funds. Separate financial statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Library reports the following governmental funds:

General Fund: This is the Library's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund: This fund accounts for the financial resources used for acquisition, construction, or major repair of capital facilities.

C. Measurement focus and basis of accounting

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

D. Property taxes

The Library receives its property taxes from the Middle Country Central School District (the "District"). The District distributes the portion of taxes collected to the Library on a monthly basis.

Real property taxes are levied annually by the Library no later than October 1 and become a lien on December 1. Taxes are collected during the period December 1 to June 1. Uncollected real property taxes are subsequently enforced by the County in which the Library is located.

E. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Library's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

F. 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 the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the entity-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds Balance Sheet when it is the Library's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, revenues and expenditures activity.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

H Cash and investments

The Library's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the Library's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Investments are stated at fair value.

I. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

J. Inventories and prepaid items

Purchases of inventoriable items are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the Library for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the entity-wide financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expenditure is reported in the year the goods or services are consumed.

K. Capital assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the entity-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Building improvements	\$ 10,000	40 years
Books and holdings	500	10 years
Furniture and equipment	500	5-20 years

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB guidelines. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The Library is required to conduct a condition assessment of these assets at least once every three years.

L. Right-to-use leased assets

The Library has recorded right-to-use leased assets as a result of implementing GASB Statement No. 87. The right-to-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use leased assets are amortized on a straight-line basis over the life of the related lease.

M. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library may have three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Library's proportion of the collective net pension asset or liability and difference during the measurement period between the Library's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item is the Library contributions to the pension system (NYSERS) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

N. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library may have four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Library's proportion of the collective net pension asset or liability (NYSERS) and difference during the measurement periods between the Library's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

O. Unearned revenue

The Library reports unearned revenue on its Statement of Net Position and its Balance Sheet. Unearned revenue arises when resources are received by the Library before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the Library has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

P. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation for full-time Library employees.

Sick leave eligibility and accumulation is specified in Board policies, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave and vacation.

Full-time Library employees are granted vacation in varying amounts, based primarily on service, position and Board policy. Some earned benefits may be forfeited if not taken within specified time periods.

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability for full-time employees is calculated based on the pay rates in effect at year-end.

Q. Other benefits

Library employees participate in the New York State Employees' Retirement System.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

In addition to providing pension benefits, the Library provides postemployment health insurance coverage and survivor benefits to retired full-time employees and their families in accordance with the provisions of employment contracts in effect at the time of retirement. The Library's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the Library. Health care benefits are provided through plans whose premiums are based on the expenses paid to all governmental organizations during the prior year. The cost of providing post-retirement benefits is shared between the Library and, depending on the employment contract, the retired employee. The Library recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the entity-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and other postemployment benefits payable that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent they are due for payment in the current year.

Long-term obligations represent the Library's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Leases

The Library is a lessee for noncancellable leases for equipment. The Library recognizes a lease liability and an intangible right-to-use leased asset in the entity-wide financial statements.

At the commencement of the lease, the Library initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Library determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

1. The Library uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Library generally uses its estimated incremental borrowing rate as the discount rate for leases.
2. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Library is reasonably certain to exercise.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The Library monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

T. Equity classifications

Entity-wide financial statements

In the entity-wide financial statements there are three classes of net position:

1. Net investment in capital assets - Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position - Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position - Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Library.

Fund financial statements

In the fund financial statements, there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Library has no nonspendable fund balance as of June 30, 2023.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The Library has established the following restricted fund balances:

Reserve for retirement contributions

Reserve for retirement contributions is used for the purpose of financing retirement contributions.

Reserve for technology

Reserve for technology is used to pay for updating technology.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the entity's highest level of decision-making authority, i.e. the Board of Trustees. The Library has no committed fund balance as of June 30, 2023.
4. Assigned - Includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the assignment must be narrower than the purpose of the General Fund. Amounts appropriated for the subsequent year's budget totaling \$400,000, and encumbrances of the General Fund totaling \$462,461 are classified as Assigned Fund Balance in the General Fund.
5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the Library.

	General	Special Aid	Capital Projects	Total Governmental Funds
Restricted:				
Retirement contributions	\$ 1,965,708	\$ -	\$ -	\$ 1,965,708
Technology	806,950	-	-	806,950
Special Aid Fund	-	1,622,964	-	1,622,964
Capital Projects Fund	-	-	3,393,489	3,393,489
Total restricted	<u>2,772,658</u>	<u>1,622,964</u>	<u>3,393,489</u>	<u>7,789,111</u>
Assigned:				
Designated for subsequent years' expenditures	400,000	-	-	400,000
Encumbrances	462,461	-	-	462,461
Total assigned	<u>862,461</u>	<u>-</u>	<u>-</u>	<u>862,461</u>
Unassigned	<u>3,874,319</u>	<u>-</u>	<u>-</u>	<u>3,874,319</u>
Total	<u>\$ 7,509,438</u>	<u>\$ 1,622,964</u>	<u>\$ 3,393,489</u>	<u>\$ 12,525,891</u>

Order of use of fund balance

The Library's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND ENTITY-WIDE FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the entity-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the Library's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories as follows:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items and right-to-use leased assets in the fund financial statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

4. Pension and Other Postemployment Benefits differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Library's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

3. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgets

The Library administration prepares a proposed budget for approval by the Board of Trustees for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters approved the Library's proposed appropriation budget for the General Fund.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at the time the liability is incurred or the commitment is paid.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

4. CASH – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISKS

Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. While the Library does not have a specific policy for custodial credit risk, New York State statutes govern the Library's investment policies, as discussed previously in these Notes.

The Library's aggregate bank balances, including balances not covered by depository insurance at year-end, were collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Library's name	\$14,297,521
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5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Reductions/ <u>Reclassifications</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets that are depreciated:				
Building improvements	\$ 1,630,570	\$ 1,239	\$ -	\$ 1,631,809
Books and other holdings	9,567,153	962,648	(1,392,963)	9,136,838
Furniture and equipment	3,148,961	621,374	(75,075)	3,695,260
Right-to-use leased asset	83,286	46,018	-	129,304
	<u>14,429,970</u>	<u>1,631,279</u>	<u>(1,468,038)</u>	<u>14,593,211</u>
Total depreciable assets				
Less accumulated depreciation:				
Building improvements	1,342,093	104,107	-	1,446,200
Books and other holdings	7,238,869	1,052,980	(1,392,963)	6,898,886
Furniture and equipment	2,204,939	164,188	(51,141)	2,317,986
Right-to-use leased assets	25,805	29,884	-	55,689
	<u>10,811,706</u>	<u>1,351,159</u>	<u>(1,444,104)</u>	<u>10,718,761</u>
Total accumulated depreciation				
Total capital assets, net	<u>\$ 3,618,264</u>	<u>\$ 280,120</u>	<u>\$ (23,934)</u>	<u>\$ 3,874,450</u>

6. LEASE LIABILITIES

The Library has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of their respective commencement date.

The first agreement was executed on December 5, 2019, to lease copier machines and requires 36 monthly payments of \$993. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.6%, which was the Library's borrowing rate at the inception of the lease agreement. This lease ended during the year ended June 30, 2023.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The second agreement was executed on June 1, 2020, to lease postage machines and requires 48 monthly payments of \$630. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.6%, which was the Library's borrowing rate at the inception of the lease agreement. As a result of the lease, the Library has recorded a right-to-use leased asset with a net book value of \$6,766 at June 30, 2023.

The third agreement was executed on December 1, 2021, to lease copier machines and requires 48 monthly payments of \$929. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.0%, which was the Library's borrowing rate at the inception of the lease agreement. As a result of the lease, the Library has recorded a right-to-use leased asset with a net book value of \$25,904 at June 30, 2023.

The fourth agreement was executed on February 4, 2022, to lease a coffee machine and requires 24 monthly payments of \$99. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.31%, which was the Library's borrowing rate at the inception of the lease agreement. As a result of the lease, the Library has recorded a right-to-use leased asset with a net book value of \$678 at June 30, 2023.

The fifth agreement was executed on December 21, 2022 to lease copier machines and requires 48 monthly payments of \$997. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.17%, which was the Library's borrowing rate at the inception of the lease agreement. As a result of the lease, the Library has recorded a right-to-use leased asset with a net book value of \$40,267 at June 30, 2023.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 29,534	\$ 1,193	\$ 30,727
2025	22,415	689	23,104
2026	16,334	269	16,603
2027	5,946	35	5,981
	<u>\$ 74,229</u>	<u>\$ 2,186</u>	<u>\$ 76,415</u>

7. PENSION PLANS

General information

The Library participates in the New York State and Local Employees' Retirement System ("NYSERS"). This is a cost-sharing, multiple employer, public employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Provisions and administration

NYSERS 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 New York State Retirement and Social Security Law ("NYSRSSL") governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Library also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the NYSERS Comprehensive Annual Financial Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSERS' fiscal year ended March 31. The Library paid 100% of the required contributions as billed by NYSERS for the current year and each of the two preceding years.

The Library's share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

2023	\$ 703,742
2022	1,001,705
2021	867,403

Pension assets (liabilities), pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2023, the Library reported a liability of \$5,043,420, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. Update procedures were used to roll forward the pension liability to March 31, 2023. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

At June 30, 2023, the Library's proportion was 0.023519%.

For the year ended June 30, 2023, the Library recognized pension expense of \$1,758,628. At June 30, 2023, the Library's reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected experience and actual experience	\$ 537,164	\$ 141,638
Changes in assumptions	2,449,410	27,071
Net difference between projected and actual earnings on pension plan investments	-	29,630
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	178,201	181,152
Employer contributions made subsequent to the measurement date	<u>216,674</u>	<u>-</u>
Total	<u>\$ 3,381,449</u>	<u>\$ 379,491</u>

Deferred outflows of resources and deferred inflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2024	\$ 659,322
2025	(265,670)
2026	1,043,728
2027	1,347,904

Actuarial assumptions

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

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Interest rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience
Inflation rate	2.90%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

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

The long-term 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 returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Bonds and mortgages	23.00%	1.50%
Cash	1.00%	0.00%
Domestic equity	32.00%	4.30%
Credit	4.00%	5.43%
International equity	15.00%	6.85%
Opportunistic portfolio	3.00%	5.38%
Private equity	10.00%	7.50%
Real assets	3.00%	5.84%
Real estate	9.00%	4.60%
	<u>100.00%</u>	

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Discount rate

The discount rate used to calculate the total pension liability was 5.90%. 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 asset (liability) to the discount rate assumption

The following presents the Library's proportionate share of the net pension asset calculated using the discount rate of 5.9%, as well as what the Library's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	\$ (12,187,783)	\$ (5,043,420)	\$ 926,526

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2023, were as follows:

	(Dollars in Thousands)
Employers' total pension liability	\$ 232,627,259
Plan net position	211,183,223
Employers' net pension liability	\$ (21,444,036)
Ratio of plan net position to the employers' total pension liability	90.78%

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

8. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 7,544	\$ -	\$ -	\$ 400,000
Special Aid	-	7,544	-	-
Capital Projects Fund	-	-	400,000	-
Totals	\$ 7,544	\$ 7,544	\$ 400,000	\$ 400,000

The Library typically transfers from the General Fund to the Capital Projects Fund for authorized construction and maintenance projects.

9. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

A. General information about the OPEB plan

Plan description

The Library’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the Library. The plan is a single employer defined benefit OPEB plan administered by the Library. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Library Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The Library provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Library offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2021, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	47
Active plan members	55
Total plan members	102

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

B. Total OPEB liability

The Library's total OPEB liability of \$23,247,857 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total OPEB liability to the measurement date.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.50%
Discount rate	3.90%
Healthcare cost trend rates	8.00% to 4.50%
Retirees' share of benefit-related costs	0% to 25% of premium based on department and date hired

The discount rate was based on the 20 year AA Municipal GO Bond Rate Index, as of June 30, 2023, per Fidelity Investments.

Mortality rates were based on the RP-2014 Total Dataset Mortality Table projected to the valuation date with Scale MP-2014.

C. Changes in the total OPEB liability

Balance as of June 30, 2022	<u>\$ 23,062,404</u>
<u>Changes for the year -</u>	
Service cost	756,953
Interest	841,283
Change in assumptions or other inputs	(762,739)
Benefit payments	<u>(650,044)</u>
Net changes	<u>185,453</u>
Balance as of June 30, 2023	<u><u>\$ 23,247,857</u></u>

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 one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current discount rate:

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

	1% Decrease (2.90%)	Current assumption (3.90%)	1% Increase (4.90%)
Total OPEB liability as of June 30, 2023	\$ 27,461,363	\$ 23,247,857	\$ 19,929,369

Sensitivity of the total OPEB liability to changes in 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 healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current trend rate as defined in the actuarial assumptions and other inputs above:

	1% Decrease (7.00% decreasing to 3.50%)	Current assumption (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Total OPEB liability as of June 30, 2023	\$ 19,162,161	\$ 23,247,857	\$ 28,650,513

D. OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2023, the Library recognized OPEB expense of \$1,228,312. At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Changes of assumptions	\$ 1,828,642	\$ (5,370,272)
Difference between expected experience and actual experience	340,973	(358,790)
Total	\$ 2,169,615	\$ (5,729,062)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2024	(369,927)
2025	(690,264)
2026	(971,649)
2027	(1,400,483)
2028	(127,124)

**MIDDLE COUNTRY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

10. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

11. CONTINGENCIES AND COMMITMENTS

Government grants

The Library has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the Library's administration believes disallowances, if any, will be immaterial.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012 through at least June 15, 2023, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

12. FUTURE ACCOUNTING STANDARDS

The Library will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 100	Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62	June 30, 2024
Statement No. 101	Compensated Absences	June 30, 2025

13. SUBSEQUENT EVENTS

The Library has evaluated subsequent events occurring after the Statement of Net Position through the date of October 17, 2023, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**MIDDLE COUNTRY PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Favorable (Unfavorable)
REVENUES					
Local sources:					
Real property taxes	\$ 15,065,709	\$ 15,065,709	\$ 15,093,103		\$ 27,394
Charges for services	32,500	32,500	49,847		17,347
Use of money and property	22,500	22,500	294,211		271,711
Miscellaneous	6,425	6,425	24,766		18,341
State sources	15,000	15,000	18,245		3,245
Total revenues	<u>15,142,134</u>	<u>15,142,134</u>	<u>15,480,172</u>		<u>338,038</u>
EXPENDITURES					
Salaries:					
Professional	4,496,340	4,496,340	4,008,291	\$ -	488,049
Clerical	1,960,570	1,960,570	1,749,512	-	211,058
Computer technician	202,100	202,100	147,911	-	54,189
Pages	568,535	568,535	485,461	-	83,074
Custodian/Security	601,915	591,915	519,876	-	72,039
Benefits:					
State retirement	713,590	713,590	797,405	-	(83,815)
Social Security	598,954	598,954	512,560	-	86,394
Workers' Compensation	65,409	65,409	65,409	-	-
Life, Disability, Health, Dental, Annuity	1,787,601	1,787,601	1,707,094	-	80,507
Library materials:					
Furniture and equipment	484,433	444,433	300,317	80,925	63,191
Books	414,810	397,810	320,468	42,518	34,824
Microform/CD ROMS	302,749	302,749	267,745	3,658	31,346
Audio materials	68,909	68,909	47,194	7,007	14,708
Subscription services	402,118	422,118	382,249	39,045	824
Visual materials	184,982	149,982	81,145	9,801	59,036
Realia	25,915	40,915	28,134	2,232	10,549
Operating expenses:					
Custodial services	7,500	17,500	15,755	-	1,745
Café	-	15,000	5,376	1,237	8,387
Innovation space	-	2,000	998	204	798
Training and conference	59,655	59,617	40,700	90	18,827
Office and library supplies	178,906	158,906	100,025	22,667	36,214
Telecommunications	75,500	75,500	46,990	6,857	21,653
Cartage	26,225	26,225	9,900	475	15,850
Postage	39,000	39,000	25,854	200	12,946
Publicity and printing	83,599	83,599	74,767	5,470	3,362
Travel	16,000	16,000	13,398	537	2,065
Contracts with other libraries	124,805	124,805	122,722	-	2,083
Professional contract services	126,252	126,252	77,087	33,958	15,207
Membership dues	7,000	7,038	7,038	-	-
Rent, repair and maintenance - office equipment	33,151	53,151	70,159	1,320	(18,328)
Snow removal	8,000	8,000	220	-	7,780
Protective service	3,000	3,000	-	1,420	1,580
Programs	440,113	480,113	386,395	68,402	25,316
Maintenance and custodial supplies	74,878	74,878	35,827	4,590	34,461
Repairs to buildings and building equipment	568,142	568,142	479,496	85,518	3,128
Insurance	138,497	138,497	138,491	-	6
Rental of equipment	15,000	15,000	(929)	-	15,929
Gas	65,000	65,000	55,065	-	9,935
Electricity	305,000	305,000	273,349	-	31,651
Fuel	3,180	3,180	757	693	1,730
Water	12,000	12,000	7,366	-	4,634
Computer software and services	384,816	384,816	326,525	43,637	14,654
Other expenses:					
Debt service:					
Principal	-	-	29,601	-	(29,601)
Interest	-	-	1,236	-	(1,236)
Total expenditures	<u>15,674,149</u>	<u>15,674,149</u>	<u>13,764,939</u>	<u>\$ 462,461</u>	<u>\$ 1,446,749</u>
OTHER FINANCING SOURCES AND (USES)					
Issuance of leases	-	-	46,018		
Appropriated fund balance	932,015	932,015	-		
Interfund transfers out	(400,000)	(400,000)	(400,000)		
Total other financing sources and (uses)	<u>532,015</u>	<u>532,015</u>	<u>(353,982)</u>		
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,361,251		
Fund balance, beginning of year			6,148,187		
Fund balance, end of year			<u>\$ 7,509,438</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**MIDDLE COUNTRY PUBLIC LIBRARY
SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS**

Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	\$ 756,953	\$ 1,271,458	\$ 1,066,150	\$ 821,376	\$ 808,092	\$ 769,611
Interest	841,283	553,994	610,871	706,271	715,673	691,896
Changes in benefit terms	-	-	-	1,022,925	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(538,184)	-	-	-	-
Changes in assumptions or other inputs	(762,739)	(7,101,986)	2,573,011	665,401	1,922,025	-
Benefit payments	<u>(650,044)</u>	<u>(560,924)</u>	<u>(529,918)</u>	<u>(561,953)</u>	<u>(523,380)</u>	<u>(539,352)</u>
Net change in total OPEB liability	185,453	(6,375,642)	3,720,114	2,654,020	2,922,410	922,155
Total OPEB liability - beginning of year	<u>23,062,404</u>	<u>29,438,046</u>	<u>25,717,932</u>	<u>23,063,912</u>	<u>20,141,502</u>	<u>19,219,347</u>
Total OPEB liability - end of year	<u>\$ 23,247,857</u>	<u>\$ 23,062,404</u>	<u>\$ 29,438,046</u>	<u>\$ 25,717,932</u>	<u>\$ 23,063,912</u>	<u>\$ 20,141,502</u>
Covered payroll	\$ 4,408,508	\$ 4,408,508	\$ 4,197,471	\$ 4,197,471	\$ 3,885,572	\$ 3,884,022
Total OPEB liability as a percentage of covered payroll	527.34%	523.13%	701.33%	612.70%	593.58%	518.57%

Note to Required Supplementary Information

Ten years of historical information were not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data are available.

The Library has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow libraries to establish this type of trust. The Library currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

MIDDLE COUNTRY PUBLIC LIBRARY
SCHEDULE OF LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Library's proportionate share of the net pension asset (liability)	0.0235190%	0.0244371%	0.0213260%	0.0218273%	0.0218332%	0.0220664%	0.0226770%	0.0223766%	0.0223971%	0.0223971%
Library's proportionate share of the net pension asset (liability)	\$ (5,043)	\$ 1,998	\$ (21)	\$ (5,780)	\$ (1,547)	\$ (712)	\$ (2,131)	\$ (3,592)	\$ (757)	\$ (1,012)
Library's covered payroll	\$ 6,572	\$ 6,100	\$ 5,904	\$ 5,671	\$ 5,753	\$ 5,567	\$ 5,532	\$ 5,342	\$ 5,085	\$ 5,149
Library's proportionate share of the net pension asset (liability) as a percentage of covered payroll	76.74%	32.75%	0.36%	101.92%	26.89%	12.79%	38.52%	67.24%	14.89%	19.65%
Plan fiduciary net position as a percentage of the total pension asset (liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

MIDDLE COUNTRY PUBLIC LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 704	\$ 1,002	\$ 867	\$ 838	\$ 837	\$ 838	\$ 815	\$ 920	\$ 955	\$ 1,199
Contributions in relation to the contractually required contribution	704	1,002	867	838	837	838	815	920	955	1,199
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered-employee payroll	\$ 6,572	\$ 6,100	\$ 5,904	\$ 5,671	\$ 5,753	\$ 5,567	\$ 5,532	\$ 5,342	\$ 5,085	\$ 5,149
Contributions as a percentage of covered-employee payroll	10.71%	16.43%	14.68%	14.78%	14.55%	15.05%	14.73%	17.22%	18.78%	23.29%

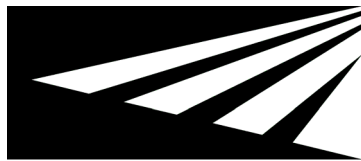
* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

**OTHER
SUPPLEMENTARY
INFORMATION**

**MIDDLE COUNTRY PUBLIC LIBRARY
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2023**

Change from adopted budget to final budget:

Adopted budget	\$ 15,542,134
Add:	
Prior year encumbrances	<u>532,015</u>
Final budget	<u><u>\$ 16,074,149</u></u>
 2023-24 voter-approved budget	 <u><u>\$ 15,722,140</u></u>



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of the
Middle Country Public Library
Town of Brookhaven, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Middle Country Public Library (the "Library") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library's financial statements, and have issued our report thereon dated October 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

NawrockiSmith

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hauppauge, New York
October 17, 2023

