

MID-HUDSON LIBRARY SYSTEM

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2024

MID-HUDSON LIBRARY SYSTEM NEW YORK

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Mid-Hudson Library System:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-Hudson Library System (the Library System) as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Library System'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, each major fund, and the aggregate remaining fund information of the Library System as of December 31, 2024, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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 System'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.

Auditors' 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 auditors' 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 GAAS and Government 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 GAAS and Government 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 System'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 System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the additional required supplemental information as listed in the table of contents 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 GAAS, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated March 26, 2025 on our consideration of the Library System'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 the effectiveness of the Library System's 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 Library System's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 26, 2025

MID-HUDSON LIBRARY SYSTEM
Management's Discussion and Analysis
December 31, 2024

The accompanying management discussion and analysis of the Mid-Hudson Library System's (the Library System) financial performance has been prepared to provide an overview of the Library System's financial activities for the year ended December 31, 2024. This discussion and analysis is only an introduction and should be read in conjunction with the Library System's financial statements.

Financial Highlights

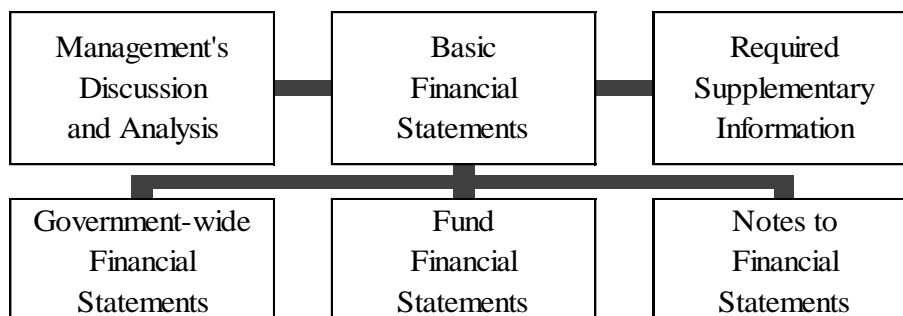
- The Library System's net position (deficit) was (\$2,468,734) at December 31, 2024.
- Total net position (deficit) decreased by \$1,011,561 during the year ended December 31, 2024.
- At December 31, 2024, the Library System's proportionate share of the net pension liability for ERS was \$597,140 and its total OPEB liability was \$6,783,721.
- At December 31, 2024, the Library System's governmental funds reported an ending fund balance of \$3,855,964, an increase of \$289,215 over the prior year.
- At December 31, 2024, unassigned fund balance for the general fund was \$3,505,873.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library System's basic financial statements. The Library System's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The basic financial statements present two different views of the Library System's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail following this narrative. In addition to the basic financial statements, this report contains required supplementary information that will enhance the reader's understanding of the financial condition of the Library System.

Required Components of the Library System's Basic Financial Statements

Figure 1



MID-HUDSON LIBRARY SYSTEM

Management's Discussion and Analysis, Continued

Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the Library System's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the Library System. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements, they include: 1) the governmental and fiduciary fund statements and 2) reconciliations to the government-wide financial statements.

The next section of the basic financial statements are the notes to financial statements which explain in detail some of the data contained in those statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Library System's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Library System's financial status as a whole.

The two government-wide statements report the Library System's net position and how it has changed. Net position is the difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Library System's financial condition.

The governmental activities include most of the Library System's basic services such as library services. State aid and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Library System's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library System, like all other public library system cooperative entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the New York State General Municipal Law and local finance law. All of the funds of the Library System are classified in one of two categories: governmental funds and fiduciary funds.

MID-HUDSON LIBRARY SYSTEM
Management's Discussion and Analysis, Continued

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Library System's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are more or less financial resources available to finance the Library System's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

Fiduciary Fund - The Library System acts in a custodial capacity for assets that are ultimately transferred to others, such as county monies held for distribution. These funds are excluded from the government-wide financial statements because the Library System cannot use these assets to finance operations.

The Library System adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates state budgetary appropriations for the Library System, the management of the Library System, and the decisions of the Board of Trustees (the Board) about which services to provide and how to pay for them. It also authorizes the Library System to obtain funds from identified sources to finance these current period activities. The budgetary comparison demonstrates how well the Library System complied with the budget ordinance and whether or not the Library System succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the modified accrual basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures. The schedule is presented as required supplementary information.

MID-HUDSON LIBRARY SYSTEM
Management's Discussion and Analysis, Continued

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Condensed Statement of Net Position - Governmental Activities

	<u>2024</u>	<u>2023</u>	<u>Change</u>	Percentage <u>Change</u>
Current and other assets	\$ 4,049,344	4,051,713	(2,369)	-0.06%
Capital assets, net	<u>955,627</u>	<u>977,998</u>	<u>(22,371)</u>	-2.29%
Total assets	<u>5,004,971</u>	<u>5,029,711</u>	<u>(24,740)</u>	-0.49%
Deferred outflows of resources	<u>577,939</u>	<u>704,366</u>	<u>(126,427)</u>	-17.95%
Current liabilities	181,062	92,646	88,416	95.43%
Noncurrent liabilities	<u>7,490,349</u>	<u>6,629,135</u>	<u>861,214</u>	12.99%
Total liabilities	<u>7,671,411</u>	<u>6,721,781</u>	<u>949,630</u>	14.13%
Deferred inflows of resources	<u>380,233</u>	<u>469,469</u>	<u>(89,236)</u>	-19.01%
Net position (deficit):				
Net investment in capital assets	955,627	977,998	(22,371)	-2.29%
Unrestricted (deficit)	<u>(3,424,361)</u>	<u>(2,435,171)</u>	<u>(989,190)</u>	-40.62%
Total net position (deficit)	<u>\$ (2,468,734)</u>	<u>(1,457,173)</u>	<u>(1,011,561)</u>	-69.42%

MID-HUDSON LIBRARY SYSTEM
Management's Discussion and Analysis, Continued

Governmental Activities - Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percentage Change</u>
Program revenue:				
Charges for services	\$ 980,815	841,441	139,374	16.56%
Operating grants	<u>-</u>	<u>3,747</u>	<u>(3,747)</u>	-100.00%
Total program revenue	<u>980,815</u>	<u>845,188</u>	<u>135,627</u>	16.05%
General revenue:				
Use of money and property	120,428	110,216	10,212	9.27%
Miscellaneous	30,284	23,588	6,696	28.39%
State sources	<u>2,619,991</u>	<u>2,464,013</u>	<u>155,978</u>	6.33%
Total general revenue	<u>2,770,703</u>	<u>2,597,817</u>	<u>172,886</u>	6.66%
Total revenue	<u>3,751,518</u>	<u>3,443,005</u>	<u>308,513</u>	8.96%
Expenses - library services	<u>4,763,079</u>	<u>4,378,326</u>	<u>384,753</u>	8.79%
Change in net position	<u>\$ (1,011,561)</u>	<u>(935,321)</u>	<u>(76,240)</u>	-8.15%

As noted earlier, the Library System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Library System's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Library System's financing requirements. Specifically, unassigned fund balance can be a useful measure of the Library System's net resources available for spending at the end of the year.

The general fund is the chief operating fund of the Library System. At the end of the current year, the unassigned fund balance of the general fund was \$3,505,873. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 101.26% of total general fund expenditures.

At December 31, 2024, the governmental funds of the Library System reported a combined fund balance of \$3,855,964, an 8.11% increase over the prior year end. Only the general fund reported an increase in fund balance. The special aid fund reported a fund balance of \$431.

MID-HUDSON LIBRARY SYSTEM
Management's Discussion and Analysis, Continued

General Fund Budgetary Highlights: During the year, the Library System revised the general fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The original budgeted revenue for the general fund was increased by the Board during the year by \$414,134, the impact was related to the increase state aid.

In reviewing the actual results of operations for the general fund for the year ended December 31, 2024, as compared to the adjusted budget, expenditures were \$682,634 under the amended budget, primarily due to grants that have a grant period other than the Library System fiscal year.

Fund Balances: As discussed, the Library System's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Library System consist of the general fund and special aid fund.

Capital Assets: The Library System's investment in capital assets, net of accumulated depreciation, as of December 31, 2024 was \$955,627. Capital assets include land, buildings, equipment, and furniture and fixtures. The Library's depreciation expense for the year was \$91,751 and there were \$69,380 in capital asset additions.

Requests For Information

This report is designed to provide an overview of the Library System's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Rebekkah Smith Aldrich, Executive Director, Mid-Hudson Library System, 103 Market Street, Poughkeepsie, NY 12601.

MID-HUDSON LIBRARY SYSTEM

Statement of Net Position

December 31, 2024

	Governmental <u>Activities</u>
Assets:	
Cash and equivalents	\$ 3,971,002
Accounts receivable	1,698
Prepaid expenditures	76,644
Capital assets:	
Not being depreciated	10,000
Being depreciated, net	<u>945,627</u>
Total assets	<u>5,004,971</u>
Deferred outflows of resources	<u>577,939</u>
Liabilities:	
Current liabilities:	
Accrued liabilities	81,062
Due to other governments	100,000
Noncurrent liabilities:	
Compensated absences	109,488
Net pension liability - proportionate share	597,140
Other postemployment benefits	<u>6,783,721</u>
Total liabilities	<u>7,671,411</u>
Deferred inflows of resources:	
Deferred revenue	12,318
Pension	<u>367,915</u>
Total deferred inflows of resources	<u>380,233</u>
Net position (deficit):	
Net investment in capital assets	955,627
Unrestricted (deficit)	<u>(3,424,361)</u>
Total net position (deficit)	<u><u>\$ (2,468,734)</u></u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM

Statement of Activities

Year ended December 31, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities - library services	\$ 4,763,079	980,815	-	-	(3,782,264)
General revenue:					
Use of money and property					120,428
Miscellaneous					30,284
State sources					<u>2,619,991</u>
Total general revenue					<u>2,770,703</u>
Change in net position					(1,011,561)
Net position (deficit) at beginning of year					<u>(1,457,173)</u>
Net position (deficit) at end of year					<u>\$ (2,468,734)</u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM
Balance Sheet - Governmental Funds
December 31, 2024

	<u>General</u>	<u>Special Aid</u>	Total Governmental <u>Funds</u>
Assets:			
Cash and equivalents	\$ 3,970,541	461	3,971,002
Accounts receivable	1,698	-	1,698
Due from other funds	30	-	30
Prepaid expenses	<u>76,644</u>	<u>-</u>	<u>76,644</u>
Total assets	<u>\$ 4,048,913</u>	<u>461</u>	<u>4,049,374</u>
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accrued liabilities	81,062	-	81,062
Due to other funds	-	30	30
Due to other governments	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total liabilities	<u>181,062</u>	<u>30</u>	<u>181,092</u>
Deferred inflows of resources	<u>12,318</u>	<u>-</u>	<u>12,318</u>
Fund balances:			
Nonspendable	76,644	-	76,644
Assigned unappropriated:			
Employee benefits and accrued liabilities	109,488	-	109,488
Capital	88,389	-	88,389
Estate donation fund	5,570	-	5,570
Assigned appropriated	69,569	-	69,569
Unassigned	<u>3,505,873</u>	<u>431</u>	<u>3,506,304</u>
Total fund balances	<u>3,855,533</u>	<u>431</u>	<u>3,855,964</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,048,913</u>	<u>461</u>	<u>4,049,374</u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM
Reconciliation of Balance Sheet - Governmental Funds to the
Statement of Net Position
December 31, 2024

Total governmental fund balances	\$ 3,855,964
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, not being depreciated	10,000
Capital assets, being depreciated, net	945,627
Deferred outflows and inflows of resources related to the net pension liability - proportionate share are not current financial resources or obligations and not reported in the funds.	
Deferred outflows of resources - pensions	577,939
Deferred inflows of resources - pensions	(367,915)
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Compensated absences	(109,488)
Net pension liability - proportionate share	(597,140)
Total OPEB liability	<u>(6,783,721)</u>
Net position (deficit) - governmental activities	<u>\$ (2,468,734)</u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended December 31, 2024

	<u>General</u>	<u>Special Aid</u>	<u>Total Governmental Funds</u>
Revenue:			
Charges for services	\$ 980,815	-	980,815
Use of money and property	120,428	-	120,428
Miscellaneous	30,284	-	30,284
State sources	<u>2,619,991</u>	<u>-</u>	<u>2,619,991</u>
Total revenue	<u>3,751,518</u>	<u>-</u>	<u>3,751,518</u>
Expenditures:			
Personal services	1,274,002	-	1,274,002
Equipment	92,085	-	92,085
Contractual	1,395,645	-	1,395,645
Employee benefits	<u>700,571</u>	<u>-</u>	<u>700,571</u>
Total expenditures	<u>3,462,303</u>	<u>-</u>	<u>3,462,303</u>
Net change in fund balances	289,215	-	289,215
Fund balances at beginning of year	<u>3,566,318</u>	<u>431</u>	<u>3,566,749</u>
Fund balances at end of year	<u><u>\$ 3,855,533</u></u>	<u><u>431</u></u>	<u><u>3,855,964</u></u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year ended December 31, 2024

Net change in fund balances		\$ 289,215
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay 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 expenditures	\$ 69,380	
Depreciation expense	<u>(91,751)</u>	(22,371)
Changes in deferred outflows of resources and deferred inflow of resources related to long-term liabilities are recognized in the statement of activities but not in the governmental funds.		
Deferred outflows of resources - pensions	(126,427)	
Deferred inflows of resources - pensions	<u>(290,764)</u>	(417,191)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(14,217)	
Net pension liability - proportionate share	319,122	
Total OPEB liability	<u>(1,166,119)</u>	<u>(861,214)</u>
Change in net position - governmental activities		<u><u>\$ (1,011,561)</u></u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM
Statement of Fiduciary Net Position
December 31, 2024

	Custodial <u>Fund</u>
Assets - cash	\$ <u>209,230</u>
Net position - restricted for member libraries	\$ <u>209,230</u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM
Statement of Changes in Fiduciary Net Position
Year ended December 31, 2024

	Custodial <u>Fund</u>
Additions:	
Interest and earnings	\$ 5,031
Member fees collected	<u>39,600</u>
Total additions	<u>44,631</u>
Deductions - member fees applied	<u>109,325</u>
Change in net position	(64,694)
Net position at beginning of year	<u>273,924</u>
Net position at end of year	<u><u>\$ 209,230</u></u>

See accompanying notes to financial statements.

MID-HUDSON LIBRARY SYSTEM

Notes to Financial Statements

December 31, 2024

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Mid-Hudson Library System (the Library System) is a cooperative in the New York State Public Library System which works cooperatively with member libraries in Dutchess, Columbia, Greene, Putnam, and Ulster Counties to establish a set of uniform standards and equity of access throughout the service community.

The Library System provides centralized automation, consulting and support services, coordinates and facilitates cooperation among member libraries, and is engaged in advocacy for and promotion of public libraries.

The Library System, for financial purposes, includes all of the funds relevant to the operations of the Library System. The financial statements include organizations, functions, and activities that are controlled by or dependent upon the Library System. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing Board. Under these criteria, no other entities are included in the Library System's financial statements.

The accounting policies of the Library System conform to accounting principles generally accepted in the United States of America (GAAP) for governmental units as established by the Governmental Accounting Standards Board (GASB). The notes to financial statements are an integral part of the financial statements and are intended to be read with them.

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Library System as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The statement of net position presents the financial position of the Library System at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Other items not identified as program revenue is reported as general revenue. The Library System does not allocate indirect expenses to functions in the statement of activities.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Financial Statements

The accounts of the Library System are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Library System maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the government-wide presentation.

Fund Categories

Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the Library System's major governmental funds:

General Fund - The general fund constitutes the primary operating fund of the Library System and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Aid Fund - The special aid fund is used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes.

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets, deferred outflows of resources, liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. If expenditures are the prime factor for determining eligibility, revenue from Federal and State grants are recognized as revenue when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, the net pension asset/liability and total OPEB liability are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

(e) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Library System's deposits and investment policies are governed by State statutes. The Library System has adopted its own written investment policy which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Library System is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The Library System has entered into a custodial agreement with the bank which hold their deposits. This agreement authorizes the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school library subdivisions.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances, Continued

Accounts Receivables - 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. All receivables recorded in the governmental fund's balance sheet are expected to be collected within sixty days of year end.

Due From/To Other Funds - During the course of its operations, the Library System may make transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of December 31, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Amounts due to and due from the same fund type have been eliminated in the statement of net position - governmental funds.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library System as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as expenditures in the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the Library System are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Estimated Useful Life in Years</u>
Buildings and improvements	20 - 40
Equipment, furniture and fixtures	5 - 10
Vehicles	5 - 8

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances, Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects fund expenditures.

Compensated Absences - The collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated time is reflected in the government-wide statement of net position as a long-term liability. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Library System or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the statement of net position includes net investment in capital assets and unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Library System is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances, Continued

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in NYS GML.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board is the highest level of decision making authority for the Library System that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Library System removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned fund balance, in the general fund, represents amounts constrained either by policies of the Library System's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in unassigned fund balance in the general fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the general fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the general fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Library System's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Library System's policy to use fund balance in the following order: committed, assigned, and unassigned.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the general fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

(g) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(h) Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued.

(2) Budgetary Data

The Library System administration prepares a proposed budget for approval by the Board for the general fund. Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which 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. Supplemental appropriations may occur subject to certain restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

(3) Detailed Notes on All Funds

(a) Cash and Equivalents

At December 31, 2024, the carrying amount of the Library's System's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$4,180,232 and the bank balance was \$4,444,079. The Library System's deposits at December 31, 2024, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the Library System's agent bank in the Library System's name. Petty cash is included in cash and equivalents and totaled \$50 at year end.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(b) Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2024 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 30	-
Special aid	<u>-</u>	<u>30</u>
	\$ <u>30</u>	<u>30</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

(c) Capital Assets

Changes in the Library System's capital assets for the year ended December 31, 2024 are as follows:

	Balance December 31, <u>2023</u>	<u>Additions</u>	Reclassifications/ <u>Deletions</u>	Balance December 31, <u>2024</u>
Capital assets, not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in progress	<u>139,127</u>	<u>-</u>	<u>(139,127)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>149,127</u>	<u>-</u>	<u>(139,127)</u>	<u>10,000</u>
Capital assets, being depreciated:				
Building	1,068,540	206,809	-	1,275,349
Equipment, furniture and fixtures	<u>216,259</u>	<u>1,698</u>	<u>(1,100)</u>	<u>216,857</u>
Total capital assets, being depreciated	1,284,799	208,507	(1,100)	1,492,206
Less accumulated depreciation	<u>(455,928)</u>	<u>(91,751)</u>	<u>1,100</u>	<u>(546,579)</u>
Total capital assets, being depreciated, net	<u>828,871</u>	<u>116,756</u>	<u>-</u>	<u>945,627</u>
Total capital assets, net	<u>\$ 977,998</u>	<u>116,756</u>	<u>(139,127)</u>	<u>955,627</u>

Depreciation expense of \$91,751 was charged to the library services function.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(d) Accrued Liabilities

Accrued liabilities in the general fund at December 31, 2024 consisted of payroll, employee benefits and retainage payable in the amount of \$81,062.

(e) Long-Term Liabilities

The changes in the Library System's long-term liabilities during the year ended December 31, 2024 are summarized as follows:

	Balance December 31, 2023	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2024	Due Within One Year
Compensated absences	\$ 95,271	14,217	-	109,488	-
Net pension liability, proportionate share	916,262	-	(319,122)	597,140	-
Total OPEB liability	<u>5,617,602</u>	<u>1,166,119</u>	<u>-</u>	<u>6,783,721</u>	<u>-</u>
Total long-term liabilities	<u>\$ 6,629,135</u>	<u>1,180,336</u>	<u>(319,122)</u>	<u>7,490,349</u>	<u>-</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the statement of net position.

Pension Plan

The Library System participates in the New York State and Local Employees' Retirement System (ERS or the System). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). 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 System also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retirement/publications or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(e) Long-Term Liabilities, Continued

Pension Plan, Continued

ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during ERS' fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2023 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
4 A15	17.8%
5 A15	15.3%
6 A15	11.3%

Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Library System reported the following liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Library System's proportion of the net pension liability was based on a projection of the Library System's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided to the Library System in reports from the System.

Actuarial valuation date	4/1/2023
Measurement date	3/31/2024
Net pension liability	\$ 597,140
Library System's proportion of the System's net pension liability	0.0040555%
Change in proportion since the prior measurement date	(0.0002173)

For the year ended December 31, 2024, the Library System recognized pension expense in the government-wide financial statements of \$255,879 for ERS.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(e) Long-Term Liabilities, Continued

Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At December 31, 2024, the Library System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 192,338	16,282
Changes of assumptions	225,765	-
Net difference between projected and actual earnings on pension plan investments	-	291,699
Changes in proportion and differences between the Library System's contributions and proportionate share of contributions	37,103	59,934
Contributions subsequent to the measurement date	<u>122,733</u>	<u>-</u>
	\$ <u>577,939</u>	<u>367,915</u>

The Library System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Plan's year ending March 31:

2025	\$ (112,894)
2026	104,028
2027	168,274
2028	<u>(72,117)</u>
	\$ <u>87,291</u>

Actuarial Assumptions

The total pension liability for ERS as of the March 31, 2024, measurement date was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024. Significant actuarial assumptions used in the April 1, 2023, valuation were as follows:

Inflation	2.9%
Salary increases	4.4%
Investment rate of return (net of investment expenses, including inflation)	5.9%
Cost of living adjustments	1.5%

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(e) Long-Term Liabilities, Continued

Demographic assumptions used in the April , 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

The expected 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized on the following page.

	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Asset type:		
Domestic equity	32%	4.00%
International equity	15%	6.65%
Private equity	10%	7.25%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3%	5.25%
Credit	4%	5.40%
Real assets	3%	5.79%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.25%
	<u>100%</u>	

*Real rates of return are net of long-term inflation assumptions of 2.9%.

Discount Rate

The discount rate used to measure the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(e) Long-Term Liabilities, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Library System's proportionate share of ERS net pension asset (liability)	\$ (1,877,468)	(597,140)	472,200

Pension Plan Fiduciary Net Position

The components of the collective net pension liability as of March 31, 2024 measurement date were as follows (amounts in millions):

Employers' total pension liability	\$ (240,697)
Fiduciary net position	<u>225,973</u>
Employers' net pension liability	\$ <u>(14,724)</u>
Ratio of fiduciary net position to the employers' total pension liability	93.88%

Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2024 represent projected employer contributions for the period of April 1, 2024 through March 31, 2025 based on the paid ERS annual invoice. These amounts have been recorded as expenditures in the governmental fund statements and as deferred outflows of resources in the accompanying statement of net position.

Other Postemployment Benefit Obligations (OPEB)

The Library System provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Library System's contractual agreements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

At December 31, 2024, the following employees were covered by the benefit terms:

Active employees and spouses currently receiving benefit payments	15
Retired	18
Deceased	<u>1</u>
	<u>34</u>

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(e) Long-Term Liabilities, Continued

Other Post Employment Benefit Obligations (OPEB), Continued

The Library System's total OPEB liability of \$6,783,721 was determined by an actuarial valuation as of December 31, 2024.

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	5.00%
Discount rate	3.50%
Healthcare cost trend rates	Medical - 5.80% for 2024, decreasing to 4.10% for 2033 and later years Pharmacy - 11.70% for 2024, decreasing to 4.10% for 2033 and later years Dental - 3.50% for 2024, decreasing to 3.00% for 2026 and later years Vision - 3.00% for all years
Retirees' share of benefit-related costs	Retiree contribution rates vary by employee class and date of retirement

The discount rate was based on the 20-year tax exempt municipal bond yield rate as of the measurement date.

Mortality rates were based on the Schedule of Actuaries' Pub-2010 Public Retirement Plans Mortality Tables with mortality improvements projected for 10 years.

The Library System's change in the total OPEB liability for the year ended December 31, 2024 is as follows:

Service cost	\$ 130,198
Interest on total OPEB liability	198,460
Difference between expected and actual experience	993,820
Benefit payments	<u>(156,359)</u>
Net change in total OPEB liability	1,166,119
Total OPEB liability at beginning of year	<u>5,617,602</u>
Total OPEB liability at end of year	\$ <u>6,783,721</u>

The following presents the total OPEB liability of the Library System, as well as what the Library System's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current discount rate:

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(3) Detailed Notes on All Funds, Continued

(e) Long-Term Liabilities, Continued

Other Post Employment Benefit Obligations (OPEB), Continued

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ <u>7,862,517</u>	<u>6,783,721</u>	<u>5,935,254</u>

The following presents the total OPEB liability of the Library System, as well as what the Library System's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ <u>5,838,328</u>	<u>6,783,721</u>	<u>7,998,682</u>

For the year ended December 31, 2024, the Library System recognized OPEB expense of \$1,322,478 in the government-wide financial statements. At December 31, 2024, the Library System did not report deferred outflows of resources or deferred inflows of resources related to OPEB due to use of the Alternative Measurement Method. Additionally, since the measurement date was the same as the Library System's fiscal year, there are no contributions subsequent to the measurement date to report.

(4) Leases

The Library System implemented GASB 87 effective January 1, 2022 and has elected not to capitalize lease assets or liabilities for immaterial leases. The Library System will continue to account for immaterial lease arrangements under existent standards.

The Library System leases office equipment under operating leases expiring at various dates through November 2026. The total minimum rental commitment at December 31, 2024, under the leases mentioned above, is as follows:

For the year ended December 31,

2025	\$ 2,683
2026	<u>2,459</u>
	\$ <u>5,142</u>

MID-HUDSON LIBRARY SYSTEM
Notes to Financial Statements, Continued

(5) Summary Disclosure of Significant Contingencies

(a) Risk Retention

The Library System assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Library System purchases commercial insurance to mitigate these risks, subject to certain deductibles. Judgments and claims are recorded when it is probable that a asset had been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

(b) Contingencies

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

(6) Capital Funds and Members Capital Fund

The Library System maintains funds for member libraries and the Library System itself, for the purpose of shared purchases among the member libraries. The funds are broken out between members and the Library System as follows:

General fund - assigned - MHLS Capital	\$ <u>88,389</u>
Fiduciary - custodial - members' capital	\$ <u>209,230</u>

(7) Fiduciary Fund

The Directors Association (the DA) and the Library System established a Members Capital Fund to underwrite training, product implementation, hosting catalog and integrated library platform expenses. Income for the Members Capital Fund will be collected through an annual member assessment fee per member library. The DA approves the annual assessment fee.

MID-HUDSON LIBRARY SYSTEM
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
Year ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u>)	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:				
Charges for services	\$ 872,899	867,045	980,815	113,770
Use of money and property	47,500	109,865	120,428	10,563
Miscellaneous	6,500	12,486	30,284	17,798
State sources	<u>2,549,378</u>	<u>2,901,015</u>	<u>2,619,991</u>	<u>(281,024)</u>
Total revenue	<u>3,476,277</u>	<u>3,890,411</u>	<u>3,751,518</u>	<u>(138,893)</u>
Expenditures:				
Salaries	1,249,344	1,249,344	1,274,002	(24,658)
Equipment and capital outlay	78,450	145,233	92,085	53,148
Contractual expenditures:				
Grants	609,783	1,006,091	575,775	430,316
Operations and maintenance	116,844	117,662	94,166	23,496
Other contractual	811,167	812,947	725,704	87,243
Employee benefits:				
State retirement system	163,993	183,098	169,397	13,701
Social security	95,637	95,637	92,806	2,831
Workers' compensation	11,000	7,824	7,824	-
Unemployment insurance	3,500	3,500	-	3,500
Disability insurance	900	4,114	-	4,114
Medical insurance	<u>522,307</u>	<u>519,487</u>	<u>430,544</u>	<u>88,943</u>
Total expenditures	<u>3,662,925</u>	<u>4,144,937</u>	<u>3,462,303</u>	<u>682,634</u>
Excess (deficiency) of revenue over expenditures	<u>(186,648)</u>	<u>(254,526)</u>	<u>289,215</u>	<u>543,741</u>
Other financing sources (uses):				
Transfers in	226,248	226,248	-	(226,248)
Transfers out	<u>(39,600)</u>	<u>(39,600)</u>	-	<u>39,600</u>
Total other financing sources (uses)	<u>186,648</u>	<u>186,648</u>	-	<u>(186,648)</u>
Net change in fund balance	-	(67,878)	289,215	357,093
Fund balance at beginning of year	<u>3,566,318</u>	<u>3,566,318</u>	<u>3,566,318</u>	-
Fund balance at end of year	<u><u>\$3,566,318</u></u>	<u><u>3,498,440</u></u>	<u><u>3,855,533</u></u>	<u><u>357,093</u></u>

MID-HUDSON LIBRARY SYSTEM
Required Supplementary Information
Schedule of Library System's Proportionate Share of the Net Pension Asset/Liability
Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library System's proportion of the net the pension asset (liability)	0.0040555%	0.0042728%	0.0034006%	0.0036599%	0.0032596%	0.0032038%	0.0030850%	0.0032737%	0.0030502%	0.0031189%
Library System's proportionate share of the net pension asset (liability)	\$ (597,140)	(916,262)	277,988	(3,644)	(863,174)	(227,000)	(106,780)	(307,604)	(489,559)	(105,366)
Library System's covered payroll	\$1,118,815	1,091,515	972,982	939,625	989,703	911,690	842,405	1,064,492	982,136	936,277
Library System's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	53.37%	83.94%	28.57%	0.39%	87.22%	24.90%	12.68%	28.90%	49.85%	11.25%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.50%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

* The amounts presented for each fiscal year were determined as of the System's measurement date.

MID-HUDSON LIBRARY SYSTEM
Required Supplementary Information
Schedule of Library System's Pension Contributions
Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 163,644	113,095	152,784	138,324	127,489	117,756	112,248	102,879	114,645	94,003
Contribution in relation to the contractually required contribution	<u>163,644</u>	<u>113,095</u>	<u>152,784</u>	<u>138,324</u>	<u>127,489</u>	<u>117,756</u>	<u>112,248</u>	<u>102,879</u>	<u>114,645</u>	<u>94,003</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library System's covered payroll	\$1,118,815	1,091,515	972,982	939,625	989,703	911,690	842,405	1,064,492	982,136	936,277
Contribution as a percentage of covered payroll	14.63%	10.36%	15.70%	14.72%	12.88%	12.92%	13.32%	9.66%	11.67%	10.04%

MID-HUDSON LIBRARY SYSTEM
Required Supplementary Information
Schedule of Changes in the Library System's
Total OPEB Liability and Related Ratios
Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 130,198	130,198	130,198	125,561	133,788	122,968	131,402
Interest on total OPEB liability	198,460	164,611	93,192	78,083	125,637	112,428	68,439
Differences between expected and actual experience	993,820	802,028	1,719,101	452,378	(410,878)	122,421	(1,171,006)
Changes of assumptions or other inputs	-	(41,527)	(1,156,906)	(167,634)	874,085	169,087	(1,233,389)
Benefit payments	<u>(156,359)</u>	<u>(156,359)</u>	<u>(156,359)</u>	<u>(353,386)</u>	<u>(170,492)</u>	<u>(179,083)</u>	<u>(168,916)</u>
Net change in total OPEB liability	1,166,119	898,951	629,226	135,002	552,140	347,821	(2,373,470)
Total OPEB liability - beginning	<u>5,617,602</u>	<u>4,718,651</u>	<u>4,089,425</u>	<u>3,954,423</u>	<u>3,402,283</u>	<u>3,054,462</u>	<u>5,427,932</u>
Total OPEB liability - ending	<u>\$6,783,721</u>	<u>5,617,602</u>	<u>4,718,651</u>	<u>4,089,425</u>	<u>3,954,423</u>	<u>3,402,283</u>	<u>3,054,462</u>
Covered payroll	\$1,274,002	1,155,725	1,108,025	1,026,929	1,128,092	1,094,108	1,081,336
Total OPEB liability as a percentage of covered payroll	532.47%	486.07%	425.86%	398.22%	350.54%	310.96%	282.47%

Notes to schedule:

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.50%	3.50%	3.70%	2.25%	2.00%	3.26%	3.64%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Library System will present information for those years for which information is available.

**INDEPENDENT AUDITORS' 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**

The Board of Trustees
Mid-Hudson Library System:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-Hudson Library System (the Library System) as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Library System's basic financial statements, and have issued our report thereon dated March 26, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library System's financial statements are free from 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 these 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 Library System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 26, 2025

MID-HUDSON LIBRARY SYSTEM
Schedule of Findings and Responses
December 31, 2024

There were no findings reported for the year ended December 31, 2024.

MID-HUDSON LIBRARY SYSTEM

Status of Prior Year Audit Findings

December 31, 2024

Material Weakness

2023-001 - Compensated Absences

Condition

The Library's schedule for its compensated absence liability was based on a report provided by their payroll provider. Supporting data from the same system could not support the ending balances.

Corrective Action Taken

Management has implemented controls to verify the accuracy of amounts reported by the payroll provider for compensated absences.

Evidence of Resolution

Management, on a sample basis, reconciles compensatory time earned and used recorded on time sheets to the compensated absence report provided by their payroll provider to ensure accurate reporting.

Impact of Resolution

Based on the impact of the implemented corrective action, the material weakness is now considered resolved and no longer poses a significant risk of material misstatement.

Management's Response

Management acknowledges the resolution of the material misstatement and is committed to maintaining the improved controls.