

**VINELAND PUBLIC LIBRARY  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2017 AND 2016**



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## INDEPENDENT AUDITORS' REPORT

The President and Members of the  
Board of Trustees of the  
Vineland Public Library  
Vineland, New Jersey

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the Vineland Public Library, a component unit of the City of Vineland, in the County of Cumberland, State of New Jersey ("Library"), as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in Note 2 to the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the *“Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles”* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Vineland Public Library, a component unit of the City of Vineland, in the County of Cumberland, State of New Jersey, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance-regulatory basis of the various funds of the Vineland Public Library, a component unit of the City of Vineland, in the County of Cumberland, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance-regulatory basis of such funds for the years then ended and the revenues-regulatory basis, expenditures-regulatory basis of the various funds, for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 2.

### **Other Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the financial statements. Such 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 information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the Vineland Public Library's, a component unit of the City of Vineland, in the County of Cumberland, State of New Jersey, 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 solely 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'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 the Library's internal control over financial reporting and compliance.

Respectfully submitted,



ROMANO, HEARING, TESTA & KNORR  
Certified Public Accountants



Stephen P. Testa  
Certified Public Accountant  
Registered Municipal Accountant

December 13, 2018

**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**

**INDEPENDENT AUDITORS' REPORT**

The President and Members of the  
Board of Trustees of the  
Vineland Public Library  
Vineland, New Jersey

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; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Vineland Public Library, a component unit of the City of Vineland, in the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 13, 2018. That report indicated that the Vineland Public Library's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Vineland Public Library'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vineland Public 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Vineland Public 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*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **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 Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



ROMANO, HEARING, TESTA & KNORR  
Certified Public Accountants



Stephen P. Testa  
Certified Public Accountant  
Registered Municipal Accountant

December 13, 2018

**VINELAND PUBLIC LIBRARY  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCES - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b><u>ASSETS</u></b>	<u>2017</u>	<u>2016</u>
<b>General Fund:</b>		
Cash and Cash Equivalents	\$ 303,137	\$ 278,061
Investments	40,889	40,586
Due from the City of Vineland:		
City Appropriation Receivable	77,122	101,130
	<u>421,148</u>	<u>419,777</u>
<b>Federal and State Grant Fund:</b>		
Cash and Cash Equivalents	26,325	26,420
	<u>26,325</u>	<u>26,420</u>
	<u>\$ 447,473</u>	<u>\$ 446,197</u>
 <b><u>LIABILITIES, RESERVES AND FUND BALANCES</u></b>		
<b>General Fund:</b>		
Liabilities:		
Appropriation Reserves	\$ 73,522	\$ 54,842
Accounts Payable	20,563	21,140
	<u>94,085</u>	<u>75,982</u>
 Fund Balances:		
Reserved	3,394	-
Unreserved:		
Designated for Building Improvement and Equipment	8,848	8,848
Designated for Operating Reserves	-	123,798
Designated for Subsequent Year's Expenditures	241,471	64,410
Undesignated	73,350	146,739
	<u>327,063</u>	<u>343,795</u>
<b>Federal and State Grant Fund:</b>		
Liabilities:		
Reserve for Federal and State Grants:		
Unappropriated	26,325	26,420
	<u>26,325</u>	<u>26,420</u>
	<u>\$ 447,473</u>	<u>\$ 446,197</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**VINELAND PUBLIC LIBRARY  
STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b><u>Revenue and Other Income Realized</u></b>	<u>2017</u>	<u>2016</u>
Budget Revenues (Exhibit A-3)	\$ 1,542,690	\$ 1,798,695
Unexpended Balance of Appropriation Reserves	<u>54,842</u>	<u>38,789</u>
Total Income	<u>1,597,532</u>	<u>1,837,484</u>
 <b><u>Expenditures</u></b>		
Budget Appropriations (Exhibit A-4)	1,525,230	1,713,304
Overexpenditures of Budget Appropriations (Exhibit A-4)	<u>24,624</u>	<u>17,356</u>
Total Expenditures	<u>1,549,854</u>	<u>1,730,660</u>
Excess in Revenue and Statutory Excess to Fund Balance	47,678	106,824
 <b><u>Fund Balance</u></b>		
Balance January 1,	343,795	321,199
Decreased by:		
Utilized as Revenue	<u>(64,410)</u>	<u>(84,228)</u>
Balance December 31,	<u><u>\$ 327,063</u></u>	<u><u>\$ 343,795</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**VINELAND PUBLIC LIBRARY**  
**STATEMENTS OF BUDGET REVENUE - REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Supplemental Adjustments	Revised	Realized	Variance- Favorable/ (Unfavorable)
General Fund:					
Fund Balance Anticipated	\$ 64,410		\$ 64,410	\$ 64,410	\$ -
City of Vineland	1,365,145		1,365,145	1,365,145	-
Miscellaneous Revenue	55,000		55,000	54,659	(341)
Other Grants/Donations		14,255	14,255	32,056	17,801
	<u>1,484,555</u>	<u>14,255</u>	<u>1,498,810</u>	<u>1,516,270</u>	<u>17,460</u>
Federal and State Grant Fund:					
State Grants:					
State Library Aid (Per Capita)	26,420		26,420	26,420	-
	<u>26,420</u>	<u>-</u>	<u>26,420</u>	<u>26,420</u>	<u>-</u>
	<u>\$ 1,510,975</u>	<u>\$ 14,255</u>	<u>\$ 1,525,230</u>	<u>\$ 1,542,690</u>	<u>\$ 17,460</u>

**YEAR ENDED DECEMBER 31, 2016**

	Original Budget	Supplemental Adjustments	Revised	Realized	Variance- Favorable/ (Unfavorable)
General Fund:					
Fund Balance Anticipated	\$ 84,228		\$ 84,228	\$ 84,228	\$ -
City of Vineland	1,392,056	43,913	1,435,969	1,506,055	70,086
Miscellaneous Revenue	60,000		60,000	54,557	(5,443)
Other Grants/Donations		105,000	105,000	125,748	20,748
	<u>1,536,284</u>	<u>148,913</u>	<u>1,685,197</u>	<u>1,770,588</u>	<u>85,391</u>
Federal and State Grant Fund:					
State Grants:					
State Library Aid (Per Capita)	26,420	134	26,554	26,554	-
State Library Aid (SWAT/Anti-Trust)		1,553	1,553	1,553	-
	<u>26,420</u>	<u>1,687</u>	<u>28,107</u>	<u>28,107</u>	<u>-</u>
	<u>\$ 1,562,704</u>	<u>\$ 150,600</u>	<u>\$ 1,713,304</u>	<u>\$ 1,798,695</u>	<u>\$ 85,391</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**VINELAND PUBLIC LIBRARY**  
**STATEMENT OF BUDGET EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	Original Budget	Supplemental Adjustments	Budget After Modification	Expended	Reserved	Over- Expenditures	Expended in Year Ended December 31, 2016 (Memorandum Only)
General Fund:							
Salaries and Wages	\$ 1,138,788		\$ 1,138,788	\$ 1,096,908	\$ 41,880	\$ -	\$ 1,218,350
Other Expenses:							
Library Materials	89,580	471	90,051	83,534	6,517		77,478
Office Supplies	15,000	4,125	19,125	22,242		3,117	20,557
Maintenance of Office:							
Furniture and Equipment	2,500		2,500	2,114	386		2,601
Buildings and Fixtures	25,000		25,000	20,392	4,608		114,563
Telephone	6,500		6,500	6,578		78	4,032
Electric, Water and Sewer	72,000		72,000	66,060	5,940		66,557
Cleaning Services	2,000		2,000	500	1,500		500
Maintenance of Grounds	3,000		3,000	2,465	535		2,465
Departmental Supplies	1,100		1,100	1,229		129	1,030
Rentals (Copier)	3,500		3,500	4,552		1,052	3,078
Miscellaneous	1,000	6,843	7,843	17,568		9,725	14,771
Travel	1,500		1,500	1,868		368	1,143
Professional Services	2,500		2,500	7,628		5,128	1,263
Dues and Subscriptions			-	520		520	696
Audit Services	13,750		13,750	13,750			13,000
Janitorial Supplies	3,500		3,500	3,495	5		3,000
Postage	4,500		4,500	4,552		52	4,451
Computer Sharing Costs	9,720		9,720	9,774		54	9,822
Furniture, Fixtures and Equipment	500	2,816	3,316	150	3,166		1,656
Training	1,500		1,500	689	811		624
Computer Equipment			-	4,401		4,401	
FICA Taxes (Paid by City of Vineland)	87,117		87,117	78,943	8,174		86,074
Total Other Expenses	345,767	14,255	360,022	353,004	31,642	24,624	429,361
Total General Fund	\$ 1,484,555	\$ 14,255	\$ 1,498,810	\$ 1,449,912	\$ 73,522	\$ 24,624	\$ 1,647,711

The accompanying Notes to Financial Statements are an integral part of this statement.

**VINELAND PUBLIC LIBRARY**  
**STATEMENT OF BUDGET EXPENDITURES - REGULATORY BASIS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	Original Budget	Supplemental Adjustments	Budget After Modification	Expended	Reserved	Over- Expenditures	Expended in Year Ended December 31, 2016 (Memorandum Only)
Federal and State Grant Fund:							
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants:							
State Library Aid (Per Capita)	26,420		26,420	26,420			26,554
State Library Aid (SWAT Round Two)							1,549
State Library Aid (Per Capita)							4
Total Federal and State Grant Fund	<u>26,420</u>	<u>-</u>	<u>26,420</u>	<u>26,420</u>	<u>-</u>	<u>-</u>	<u>28,107</u>
 Total All Funds	 <u>\$ 1,510,975</u>	 <u>\$ 14,255</u>	 <u>\$ 1,525,230</u>	 <u>\$ 1,476,332</u>	 <u>\$ 73,522</u>	 <u>\$ 24,624</u>	 <u>\$ 1,675,818</u>
 Appropriated Reserves for Federal and State Grants				\$ 26,420			\$ 28,107
Accounts Payable				20,563			21,140
Disbursed				<u>1,429,349</u>			<u>1,626,571</u>
				<u>\$ 1,476,332</u>			<u>\$ 1,675,818</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1      GENERAL**

In 1901 a resolution was passed by the Borough of Vineland to establish and begin operating the Library. Also in that year trustees were appointed. The Library's book collection was started with some 1,200 books donated in 1899 by the Women's Club. The Library operates primarily with funds appropriated by the City of Vineland, with State aid, and with other grants and donations.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies:

Reporting Entity

The Library is a component unit of the City of Vineland as it meets the financial accountability criteria for component units set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The financial statements of the City of Vineland are not presented in accordance with generally accepted accounting principles (GAAP) and do not present the financial statements of its component units in accordance with those GASB Statements. The financial statements of the Library would be either blended or discretely presented with those of the City of Vineland reported using generally accepted accounting principles (GAAP) applicable to governmental entities.

The Vineland Public Library has relationships with two not-for-profit organizations for which the Library is not financially accountable, but which meet the criteria to be considered as component units of the Library pursuant to Governmental Accounting Standards Board Statement No. 39. Those organizations are the Vineland Public Library Foundation, Inc. and the Friends of the Vineland Library. If the Library presented its financial statements in accordance with generally accepted accounting principles and GASB No. 39, which it does not, the financial statements of those two organizations would be discretely presented with those of the Library.

Accounting System

The accounting policies of the Vineland Public Library conform to the accounting principles and practices promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services for local governmental units. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the General Fund accounts for resources and expenditures for Library operations of a general nature, including Federal and State grant funds.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units including the City of Vineland. The Library records income from grants in the period designated by the grantor.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the Board. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included in the statement of assets, liabilities, reserves and fund balances.

General Fixed Assets

The City of Vineland has ownership of the Library's fixed assets except for any assets purchased with Library Foundation funding.

Property and equipment are recorded as expenditures at the time of purchase and are not capitalized. No depreciation expense has been provided for in the financial statements.

Inexhaustible Collections and Books

Because the values of the existing inexhaustible collections, including research books are not readily determinable, the Library has not capitalized them.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase. Investments are stated at cost or amortized cost, which approximates fair value.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash, Cash Equivalents and Investments (Continued)

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey governments and their component units.

The law requires the Library to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Contributed Facilities

The Library occupies, without charge, certain premises owned by the City of Vineland. The Library does not report the estimated fair rental value of the premises as support nor does it deduct the expense in the period in which the premises are used.

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

City Appropriation

The Library receives an appropriation from the City of Vineland which is mandated by the State statute. The minimum annual appropriation must be a sum equal to one-third of a mill on every dollar of taxable value of each property within the municipality based on the equalized valuation of such property as certified by the Director of the Division of Taxation in the Department of the Treasury.

Subsequent Events

Management has evaluated subsequent events through December 13, 2018, the date the financial statements were available to be issued. See Note 11 for additional disclosure of subsequent events.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 3      CASH, CASH EQUIVALENTS AND INVESTMENTS**

At December 31, 2017 and 2016 all bank deposits are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (See Note 2 - Cash, Cash Equivalents and Investments). The carrying amount of the Library's time and demand deposits at December 31, 2017 and 2016 was \$370,351 and \$345,067 respectively and the bank balance as of December 31, 2017 and 2016 was \$377,127 and \$376,926 respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Library's deposits may not be recovered. Although the Library does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires governmental units to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Library in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2017, all of the Library's bank balance of \$377,127 was insured or collateralized as follows:

Insured by FDIC	\$ 258,714
Uninsured/Collateralized	118,413

New Jersey governmental units are also limited as to the types of investments they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments.

As of December 31, 2017 and 2016, the Vineland Public Library's investments (included above) consisted of Certificates of Deposit with carrying amounts of \$40,889 and \$40,586 respectively, which equaled their fair value.

**NOTE 4      FUND BALANCES**

Fund balances included in the General Fund consist of the following:

The reserved fund balance of \$3,394 and \$0 at December 31, 2017 and 2016, represents the unexpended balance of donations and non-federal or non-state grants received that were to be expended for specific purposes in accordance with donor/grantor restrictions.

The Library designated \$241,471 for subsequent year's expenditures at December 31, 2017.



**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 4      FUND BALANCES (CONTINUED)**

Designations of fund balance for subsequent year's expenditures for the three prior years were as follows:

<u>Balance For Fiscal Year Ended</u>	<u>Designated for Fiscal Year Ended</u>	<u>Original Amount</u>	<u>Final Amount as Amended</u>
Dec. 31, 2016	Dec. 31, 2017	\$ 64,410	\$ 64,410
Dec. 31, 2015	Dec. 31, 2016	84,228	84,228
Dec. 31, 2014	Dec. 31, 2015	64,899	64,899

Prior to 2018 the Library's by-laws stated the "Library shall maintain a minimum amount as its fund balance for operating expenses equal to one-third of its operating expenses during the previous fiscal year." In response to notification from the City of Vineland it would no longer make on-behalf payments of pension and health benefits beginning in 2018, the Library will be required to utilize additional fund balance to fund the 2018 Budget. As a result, the Library Trustees voted to delete the above language from its by-laws.

Unreserved fund balance – designated for operating reserves of \$0 (see above) and \$123,798 at December 31, 2017 and 2016 respectively, represents the amount determined by the Library Trustees to be necessary to satisfy the requirement stipulated in the by-laws.

Unreserved fund balance – designated for building improvement and equipment in the amount of \$8,848 at December 31, 2017 and 2016, represents the unexpended balance of donations received from the Vineland Public Library Foundation, Inc. and an Estate designated by the Library Trustees for those purposes.

The remaining fund balance in the amount of \$73,350 and \$146,739 at December 31, 2017 and 2016 respectively, is unreserved and undesignated.

**NOTE 5      ECONOMIC DEPENDENCE**

The Library receives a substantial amount of its support from the City of Vineland and the State of New Jersey. A significant reduction in the level of this support, if this were to occur, could have an effect on the Library's programs and activities. For the year ended December 31, 2017, the City's appropriation and State Aid equaled 90% of the Library's realized revenues.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 6      MUNICIPAL APPROPRIATION AND ON-BEHALF PAYMENTS**

The City of Vineland supported the Vineland Public Library during the years ended December 31, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Municipal Appropriation for		
Other Expenses	\$ 268,237	\$ 287,705
Payment of Salaries and Wages		
Paid Directly to Employees	<u>1,096,908</u>	<u>1,218,350</u>
	<u>\$ 1,365,145</u>	<u>\$ 1,506,055</u>

The City of Vineland pays the fringe benefits for the employees mentioned above. Due to the basis of accounting described in Note 2, revenues and expenses for the on-behalf payments made by the City for pension and health benefit costs have not been recorded in the financial statements of the Library. These amounts are recorded by the City in its budget in the appropriate line items with the City's municipal employees, and, as noted, are not included in the Library's financial statements, with the exception of the employer share of FICA taxes, which has been included in the financial statements for the years ended December 31, 2017 and 2016. In addition to the amounts reported in the Library's financial statements, the City estimates it paid \$95,773 and \$96,739 in pension costs as well as \$374,674 and \$367,269 in health benefit costs on-behalf of employees working at the Library for the years ended December 31, 2017 and 2016 respectively. It should be noted, beginning in 2018, the City will no longer make on-behalf payments for the Library's pension and health benefit costs.

**NOTE 7      PENSION PLANS**

Certain employees working at the Library participate in the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. In addition, certain employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625-0295 or on the internet at:

<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

The Library participates in PERS and DCRP as part of the City of Vineland. As described in Note 6, through December 31, 2017, the City did not require the Library to pay any portion of the required employer contributions.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 8      COMPENSATED ABSENCES**

Full-time employees are entitled to fifteen (15) paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be carried forward; however, if the number of days to be carried to the next year exceeds five (5) days, the approval of the Business Administrator of the City of Vineland is required.

The Vineland Public Library compensates full-time employees for unused sick leave upon retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum payout of \$15,000. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. All employees working at the Vineland Public Library are paid through the City of Vineland. It is therefore the Library's policy to recognize the costs of compensated absences when the City of Vineland actually pays those costs to the employees.

**NOTE 9      OPERATING LEASES**

The Vineland Public Library has commitments to lease certain office equipment under operating leases that will expire on various dates. Total operating lease payments made during the years ended December 31, 2017 and 2016 were \$4,062 each year. Future minimum lease payments are as follows:

Year ending December 31,	
2018	\$ 3,484
2019	<u>1,337</u>
	<u>\$ 4,821</u>

**NOTE 10      RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Library is covered under the City of Vineland's insurance programs. The City of Vineland has adopted plans of self-insurance for workers compensation insurance and various types of liability coverage and purchases commercial insurance for claims that exceed the self-insured retention limits contributed by the City. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City maintains insurance for property, liability and surety bonds.

**VINELAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 11      SUBSEQUENT EVENTS**

As noted in Note 6, in 2018, the City of Vineland notified the Library beginning January 1, 2018, it would no longer be making on-behalf payments for health benefits and pension costs of employees working at the Library. That amount totaled \$470,447 for the year ended December 31, 2017. As a result, the Library projected utilizing \$241,471 of the Library's Fund Balance to subsidize the 2018 budget. To make funds available the Library Trustees adopted two resolutions in April of 2018. The first resolution was to amend the by-laws to remove the requirement to maintain an operating reserve of one-third of its operating expenses for the previous fiscal year, and the second resolution was to undesignate monies in fund balance and utilize that money as needed for the Library's budget.

In order to reduce costs, considering the Library's altered financial circumstances for 2018 and beyond, the Library, in addition to adopting the resolutions above, instituted certain cost saving measures including:

- Approved the formation of a Restructuring Committee
- A hiring freeze was placed on vacant positions
- A purchasing freeze was placed on new library materials
- Operating hours were reduced from 60 hours per week to 50 hours per week beginning mid-May 2018
- Individual employees took voluntary, unpaid furlough time between May and August 2018
- Full-time employees were put on mandatory furlough, reducing individual hours from 37.5 per week to 30 per week beginning In August 2018
- A full-time employee retired, and the position was not replaced
- The Library closed an additional three holidays
- Library staff is more focused on energy conservation as well as reducing the amount of printed or copied materials
- Certain building maintenance contracts were not renewed, and a request has been made to the City for building maintenance assistance

In addition to those cost saving measures, to raise additional funds, the Library petitioned to have a referendum placed on the November 2018 ballot requesting an increase in library taxes from 1/3 mil to 1/2 mil. The petition for the referendum was successful, however, the referendum itself was unsuccessful. The Library has also requested funding assistance for library materials from the Friends of the Library.

**VINELAND PUBLIC LIBRARY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2017**

	<u>Total</u>	<u>General Fund</u>	<u>State Grant Fund</u>
Balance - January 1, 2017	\$ 345,067	\$ 318,647	\$ 26,420
Increased by Receipts:			
City of Vineland	1,389,559	1,389,559	
Federal and State Grant Receivable	26,325		26,325
Miscellaneous Revenue	54,659	54,659	
Other Local Grants/Donations	<u>31,650</u>	<u>31,650</u>	
	<u>1,502,193</u>	<u>1,475,868</u>	<u>26,325</u>
	1,847,260	1,794,515	52,745
Decrease by Disbursements:			
Budget Expenditures - General Fund	1,429,349	1,429,349	
Accounts Payable - General Fund	21,140	21,140	
Appropriated Reserves - Federal and State Grant Fund	<u>26,420</u>		<u>26,420</u>
	<u>1,476,909</u>	<u>1,450,489</u>	<u>26,420</u>
Balance - December 31, 2017	<u><u>\$ 370,351</u></u>	<u><u>\$ 344,026</u></u>	<u><u>\$ 26,325</u></u>
Analysis of Balance - December 31, 2017			
Cash - Non Interest Bearing	\$ 100	\$ 100	\$
Cash - Interest Bearing	<u>329,362</u>	<u>303,037</u>	<u>26,325</u>
	329,462	303,137	26,325
Investments - Certificates of Deposit	<u>40,889</u>	<u>40,889</u>	
	<u><u>\$ 370,351</u></u>	<u><u>\$ 344,026</u></u>	<u><u>\$ 26,325</u></u>

VINELAND PUBLIC LIBRARY  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

	Balance January 1, 2017	Realized As Revenue	Received	Canceled	Balance December 31, 2017
State Grants:					
State Library Aid (Per Capita)	\$ -	\$ 26,420	\$ 26,420	\$ -	\$ -
Total State Grants	-	26,420	26,420	-	-
	<u>\$ -</u>	<u>\$ 26,420</u>	<u>\$ 26,420</u>	<u>\$ -</u>	<u>\$ -</u>

**VINELAND PUBLIC LIBRARY**  
**FEDERAL AND STATE GRANT FUND**  
**STATEMENT OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED**  
**YEAR ENDED DECEMBER 31, 2017**

	Balance January 1, 2017	Federal and State Grants Receivable	Accrued	Balance December 31, 2017
State Grants:				
State Library Aid (Per Capita)	\$ 26,420	\$ 26,325	\$ 26,420	\$ 26,325
Total State Grants	<u>\$ 26,420</u>	<u>\$ 26,325</u>	<u>\$ 26,420</u>	<u>\$ 26,325</u>

**VINELAND PUBLIC LIBRARY  
FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**None noted**



VINELAND PUBLIC LIBRARY  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF RESERVE FOR STATE GRANTS - APPROPRIATED  
YEAR ENDED DECEMBER 31, 2017

	Balance January 1, 2017	Transferred From 2017 Budget Appropriation	Paid or Charged	Returned to Grantor/ Canceled	Balance December 31, 2017
State Grants:					
New Jersey State Library:					
State Library Aid (Per Capita)	\$	\$ 26,420	\$ 26,420	\$	\$
Total State Grants	\$ -	\$ 26,420	\$ 26,420	\$ -	\$ -

**VINELAND PUBLIC LIBRARY  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
DECEMBER 31, 2017**

**None noted**