

**VINELAND PUBLIC LIBRARY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2016 AND 2015**



Romano, Hearing, Testa & Knorr
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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YEARS ENDED DECEMBER 31, 2016 AND 2015**

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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, New Jersey, as of December 31, 2016 and 2015, 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, 2016 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 account 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 U.S. Generally Accepted Accounting Principles

As described in Note 2 of 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 U.S. Generally Accepted Accounting Principles

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, as of December 31, 2016 and 2015, 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, City of Vineland, State of New Jersey as of December 31, 2016 and 2015, 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, 2016 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 October 26, 2017 on our consideration of the Vineland Public Library's, in the City of Vineland, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vineland Public Library's internal control over financial reporting.

Respectfully submitted,



ROMANO, HEARING, TESTA & KNORR
Certified Public Accountants



Stephen P. Testa
Certified Public Accountant
Registered Municipal Accountant

October 26, 2017

**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 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, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated October 26, 2017. 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.

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.

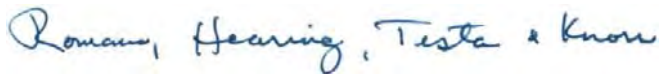
Compliance and Other Matters

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.

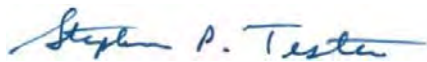
Purpose of this Report

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

October 26, 2017

**VINELAND PUBLIC LIBRARY
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCES - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

<u>ASSETS</u>	2016	2015
General Fund:		
Cash and Cash Equivalents	\$ 278,061	\$ 257,238
Investments	40,586	40,379
Due from the City of Vineland:		
City Appropriation Receivable	101,130	73,657
	419,777	371,274
Federal and State Grant Fund:		
Cash and Cash Equivalents	26,420	28,107
	26,420	28,107
	\$ 446,197	\$ 399,381
 <u>LIABILITIES, RESERVES AND FUND BALANCES</u>		
General Fund:		
Liabilities:		
Appropriation Reserves	\$ 54,842	\$ 38,789
Accounts Payable	21,140	11,286
	75,982	50,075
Fund Balances:		
Reserved		54
Unreserved:		
Designated for Building Improvement and Equipment	8,848	8,848
Designated for Security Equipment		531
Designated for Operating Reserves	123,798	92,373
Designated for Subsequent Year's Expenditures	64,410	84,228
Undesignated	146,739	135,165
	343,795	321,199
Federal and State Grant Fund:		
Liabilities:		
Reserve for Federal and State Grants:		
Appropriated		1,553
Unappropriated	26,420	26,554
	26,420	28,107
	\$ 446,197	\$ 399,381

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, 2016 AND 2015**

<u>Revenue and Other Income Realized</u>	2016	2015
Budget Revenues (Exhibit A-3)	\$ 1,798,695	\$ 1,490,567
Unexpended Balance of Appropriation Reserves	38,789	32,771
Total Income	1,837,484	1,523,338
<u>Expenditures</u>		
Budget Appropriations (Exhibit A-4)	1,713,304	1,410,262
Overexpenditures of Budget Appropriations (Exhibit A-4)	17,356	21,276
Total Expenditures	1,730,660	1,431,538
Excess in Revenue and Statutory Excess to Fund Balance	106,824	91,800
<u>Fund Balance</u>		
Balance January 1,	321,199	301,808
Decreased by:		
Utilized as Revenue	(84,228)	(72,409)
Balance December 31,	\$ 343,795	\$ 321,199

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, 2016 AND 2015

YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Supplemental Adjustments</u>	<u>Revised</u>	<u>Realized</u>	<u>Variance- Favorable/ (Unfavorable)</u>
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>

YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Supplemental Adjustments</u>	<u>Revised</u>	<u>Realized</u>	<u>Variance- Favorable/ (Unfavorable)</u>
General Fund:					
Fund Balance Anticipated	\$ 64,899	\$ 7,510	\$ 72,409	\$ 72,409	\$ -
City of Vineland	1,348,535	(105,655)	1,242,880	1,298,053	55,173
Miscellaneous Revenue	60,608		60,608	61,586	978
Other Grants/Donations		7,972	7,972	32,126	24,154
	<u>1,474,042</u>	<u>(90,173)</u>	<u>1,383,869</u>	<u>1,464,174</u>	<u>80,305</u>
Federal and State Grant Fund:					
State Grants:					
State Library Aid (Per Capita)	26,393		26,393	26,393	-
	<u>26,393</u>	<u>-</u>	<u>26,393</u>	<u>26,393</u>	<u>-</u>
	<u>\$ 1,500,435</u>	<u>\$ (90,173)</u>	<u>\$ 1,410,262</u>	<u>\$ 1,490,567</u>	<u>\$ 80,305</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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Original Budget	Supplemental Adjustments	Budget After Modification	Expended	Reserved	Over- Expenditures	Expended in Year Ended December 31, 2015 (Memorandum Only)
General Fund:							
Salaries and Wages	\$ 1,170,934	\$ 47,416	\$ 1,218,350	\$ 1,218,350	\$ -	\$ -	\$ 1,039,898
Other Expenses:							
Automotive Repairs	200		200		200		
Library Materials	84,580		84,580	77,478	7,102		72,661
Office Supplies	15,000		15,000	20,557		5,557	21,648
Maintenance of Office:							
Furniture and Equipment	2,500		2,500	2,601		101	829
Buildings and Fixtures	30,000	100,000	130,000	114,563	15,437		18,510
Telephone	10,800		10,800	4,032	6,768		6,359
Electric, Water and Sewer	67,200		67,200	66,557	643		68,929
Cleaning Services	1,000		1,000	500	500		250
Maintenance of Grounds	4,000		4,000	2,465	1,535		2,375
Departmental Supplies	1,100		1,100	1,030	70		1,403
Rentals (Copier)	4,000		4,000	3,078	922		3,055
Miscellaneous	1,000	5,000	6,000	14,771		8,771	12,773
Travel	2,000		2,000	1,143	857		1,360
Professional Services	4,000		4,000	1,263	2,737		2,613
Dues and Subscriptions	-		-	696		696	132
Advertising/Promotion	350		350	-	350		80
Audit Services	15,000		15,000	13,000	2,000		13,000
Janitorial Supplies	3,000		3,000	3,000			3,345
Postage	4,000		4,000	4,451		451	4,346
Computer Sharing Costs	25,543		25,543	9,822	15,721		9,548
Furniture, Fixtures and Equipment	500		500	1,656		1,156	7,510
Training	-		-	624		624	
FICA Taxes (Paid by City of Vineland)	89,577	(3,503)	86,074	86,074			75,732
Total Other Expenses	365,350	101,497	466,847	429,361	54,842	17,356	326,458
Total General Fund	\$ 1,536,284	\$ 148,913	\$ 1,685,197	\$ 1,647,711	\$ 54,842	\$ 17,356	\$ 1,366,356

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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Original Budget	Supplemental Adjustments	Budget After Modification	Expended	Reserved	Over- Expenditures	Expended in Year Ended December 31, 2015 (Memorandum Only)
Federal and State Grant Fund:							
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants:							
State Library Aid (Per Capita)	26,420	134	26,554	26,554			26,393
State Library Aid (SWAT Round Two)		1,549	1,549	1,549			
State Library Aid (Per Capita)		4	4	4			
Total Federal and State Grant Fund	<u>26,420</u>	<u>1,687</u>	<u>28,107</u>	<u>28,107</u>	<u>-</u>	<u>-</u>	<u>26,393</u>
Total All Funds	<u>\$ 1,562,704</u>	<u>\$ 150,600</u>	<u>\$ 1,713,304</u>	<u>\$ 1,675,818</u>	<u>\$ 54,842</u>	<u>\$ 17,356</u>	<u>\$ 1,392,749</u>
Appropriated Reserves for Federal and State Grants				\$ 28,107			\$ 26,393
Accounts Payable				21,140			11,286
Disbursed				<u>1,626,571</u>			<u>1,355,070</u>
				<u>\$ 1,675,818</u>			<u>\$ 1,392,749</u>

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

**VINELAND PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*. 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, 2016 AND 2015**

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 with the exception of 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, 2016 AND 2015**

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 October 26, 2017, the date the financial statements were available to be issued.

**VINELAND PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 3 FUND BALANCES

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

The reserved fund balance of \$0 and \$54 at December 31, 2016 and 2015, 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 \$64,410 for subsequent year's expenditures at December 31, 2016.

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, 2015	Dec. 31, 2016	\$ 84,228	\$ 84,228
Dec. 31, 2014	Dec. 31, 2015	64,899	64,899
Dec. 31, 2013	Dec. 31, 2014	37,000	60,000

The Library's by-laws state 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."

Unreserved fund balance – designated for operating reserves of \$123,798 and \$92,373 at December 31, 2016 and 2015 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 security equipment (formerly designated for computer equipment emergencies) in the amount of \$0 and \$531 at December 31, 2016 and 2015 respectively, represents the amount the Library Trustees approved to be placed in reserve for those purposes.

Unreserved fund balance – designated for building improvement and equipment in the amount of \$8,848 at December 31, 2016 and 2015, 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 \$146,739 and \$135,165 at December 31, 2016 and 2015 respectively, is unreserved and undesignated.

**VINELAND PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 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 and bank balance of the Library's time and demand deposits at December 31, 2016 was \$345,067 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, 2016, all of the Library's bank balance of \$376,926 was insured or collateralized as follows:

Insured by FDIC	\$ 262,250
Uninsured/Collateralized	114,676

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, 2016, the Vineland Public Library's investments (included above) are summarized as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposits	<u>\$ 40,586</u>	<u>\$ 40,586</u>

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.

**VINELAND PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 6 MUNICIPAL APPROPRIATION

The City of Vineland supported the Vineland Public Library during the years ended December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Municipal Appropriation for		
Other Expenses	\$ 287,705	\$ 258,155
Payment of Salaries and Wages		
Paid Directly to Employees	<u>1,218,350</u>	<u>1,039,898</u>
	<u>\$ 1,506,055</u>	<u>\$ 1,298,053</u>

The City of Vineland pays the fringe benefits for the City employees mentioned above. These amounts are recorded by the City in its budget in the appropriate line items with all other municipal employees, and 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, 2016 and 2015. In addition to the amounts reported in the Library's financial statements, the City estimates it paid \$96,739 and \$89,346 in pension costs as well as \$367,269 and \$299,049 in health benefit costs on behalf of employees employed by the City for the years ended December 31, 2016 and 2015 respectively.

NOTE 7 PENSION PLANS

All employees working at the Vineland Public Library are City of Vineland Employees. Those employees who are eligible for pension coverage are enrolled in the Public Employee's Retirement System which has been established by act of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by State Legislation. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds. This Division annually charges municipalities and other governmental units for their respective contributions. Eligible City employees working for the Vineland Public Library are included in the City of Vineland's plan. Information regarding the City of Vineland's pension liability may be found in the City's audited financial statement at:

http://www.vinelandcity.org/Documents/CY2016_Audit.pdf

The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees who are members of the plan is not available.

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/annrpts.shtml>

**VINELAND PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

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 employees of 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 year ended December 31, 2016 were \$4,062. Future minimum lease payments are as follows:

Year ending December 31,	
2017	\$ 4,062
2018	3,484
2019	<u>1,337</u>
	<u>\$ 8,883</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
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 YEAR ENDED DECEMBER 31, 2016

	<u>Total</u>	<u>General Fund</u>	<u>State Grant Fund</u>
Balance - January 1, 2016	\$ 325,724	\$ 297,617	\$ 28,107
Increased by Receipts:			
City of Vineland	1,478,582	1,478,582	
Federal and State Grant Receivable	26,420		26,420
Miscellaneous Revenue	54,557	54,557	
Other Local Grants/Donations	<u>125,748</u>	<u>125,748</u>	
	<u>1,685,307</u>	<u>1,658,887</u>	<u>26,420</u>
	2,011,031	1,956,504	54,527
Decrease by Disbursements:			
Budget Expenditures - General Fund	1,626,571	1,626,571	
Accounts Payable - General Fund	11,286	11,286	
Appropriated Reserves - Federal and State Grant Fund	<u>28,107</u>		<u>28,107</u>
	<u>1,665,964</u>	<u>1,637,857</u>	<u>28,107</u>
Balance - December 31, 2016	<u>\$ 345,067</u>	<u>\$ 318,647</u>	<u>\$ 26,420</u>
Analysis of Balance - December 31, 2016			
Cash - Non Interest Bearing	\$ 100	\$ 100	\$
Cash - Interest Bearing	<u>304,381</u>	<u>277,961</u>	<u>26,420</u>
	304,481	278,061	26,420
Investments - Certificates of Deposit	<u>40,586</u>	<u>40,586</u>	
	<u>\$ 345,067</u>	<u>\$ 318,647</u>	<u>\$ 26,420</u>

**VINELAND PUBLIC LIBRARY
FEDERAL AND STATE GRANT FUND
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1, 2016	Realized As Revenue	Received	Canceled	Balance December 31, 2016
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, 2016**

	<u>Balance January 1, 2016</u>	<u>Federal and State Grants Receivable</u>	<u>Accrued</u>	<u>Balance December 31, 2016</u>
State Grants:				
State Library Aid (Per Capita)	\$ 26,554	\$ 26,420	\$ 26,554	\$ 26,420
Total State Grants	<u>\$ 26,554</u>	<u>\$ 26,420</u>	<u>\$ 26,554</u>	<u>\$ 26,420</u>

VINELAND PUBLIC LIBRARY
 FEDERAL AND STATE GRANT FUND
 STATEMENT OF RESERVE FOR STATE GRANTS - APPROPRIATED
 YEAR ENDED DECEMBER 31, 2016

	<u>Balance January 1, 2016</u>	<u>Transferred From 2016 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Returned to Grantor/ Canceled</u>	<u>Balance December 31, 2016</u>
State Grants:					
New Jersey State Library:					
State Library Aid (Per Capita)	\$	\$ 26,554	\$ 26,554	\$	\$
State Library Aid (SWAT Round Two)	1,549		1,549		
State Library Aid (Anti-Trust Settlement)	<u>4</u>		<u>4</u>		
Total State Grants	<u>\$ 1,553</u>	<u>\$ 26,554</u>	<u>\$ 28,107</u>	<u>\$ -</u>	<u>\$ -</u>

**VINELAND PUBLIC LIBRARY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

None noted

**VINELAND PUBLIC LIBRARY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2016**

None noted