

**VINELAND PUBLIC LIBRARY  
(A Component Unit of the City of Vineland)**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**CONTENTS**

	<u>Page</u>
Independent Auditor's Report	
<b>GENERAL FUND</b>	1 - 3
Comparative Balance Sheet - Regulatory Basis	4
Statement of Revenues, Expenses and Changes in Fund Balance - Regulatory Basis	5
<b>NOTES TO FINANCIAL STATEMENTS</b>	6 - 13
<b>SUPPLEMENTARY INFORMATION</b>	
Statement of Budgetary Revenues	14
Statement of Budgetary Expenditures	15
Statement of Cash Receipts and Disbursements	16
Roster of Officials	17
Independent Auditor's Report in Accordance with Government Audit Standards	18 - 19
Findings and Recommendations	20

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees  
Vineland Public Library  
(A Component Unit of the City of Vineland)  
Vineland, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account of the Vineland Public Library (A Component Unit of the City of Vineland), as of December 31, 2020, the related statement 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 of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents. The financial statements of the Library as of and for the year ended December 31, 2019, were audited by other auditors whose report dated October 22, 2020, expressed as adverse opinion on those statements in accordance with Generally Accepted Accounting Principles and an unmodified opinion on those statements in conformity with the Regulatory Basis of Accounting described in Note 1.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Library'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 U.S Generally Accepted Accounting Principles.***

As described in Note 1 of the financial statements, the financial statements are prepared by the Vineland Public Library (A Component Unit of the City of Vineland) on the basis of the financial reporting provisions prescribed by 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 New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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 each fund of the Vineland Public Library (A Component Unit of the City of Vineland) as of December 31, 2020 or changes in financial position for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vineland Public Library's (A Component Unit of the City of Vineland) basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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. The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of the Vineland Public Library's (A Component Unit of the City of Vineland) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vineland Public Library's (A Component Unit of the City of Vineland) internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*  
**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

**September 17, 2021**

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**GENERAL FUND**

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**DECEMBER 31,**

	2020	2019
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 107,261.75	\$ 155,043.94
Due from City of Vineland	174,963.10	63,815.29
	\$ 282,224.85	\$ 218,859.23
 <b><u>Liabilities and Fund Balance</u></b>		
Liabilities:		
Accounts Payable	\$ 18,997.82	\$ 13,872.56
Total Liabilities	18,997.82	13,872.56
Fund Balances:		
Designated	3,393.92	3,393.92
Undesignated	259,833.11	201,592.75
Total Fund Balances	263,227.03	204,986.67
	\$ 282,224.85	\$ 218,859.23

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**COMPARATIVE STATEMENT OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31,**

	2020	2019
<b><u>Revenues and Other Income Realized</u></b>		
City of Vineland - Appropriation	\$ 1,315,722.00	\$ 1,359,546.00
Miscellaneous Revenues	9,706.38	43,988.14
Other Miscellaneous Revenues- Grants/Donations	5,574.76	19,243.34
State Aid for Libraries	-	26,577.00
Total Revenues	1,331,003.14	1,449,354.48
<b><u>Expenditures</u></b>		
Salaries and Benefits	1,086,878.89	1,198,802.48
Library Operations	185,883.89	229,561.05
Total Expenditures	1,272,762.78	1,428,363.53
Excess of Revenues Over Expenditures	58,240.36	20,990.95
Fund Balance January 1	204,986.67	183,995.72
Transfers In (Out)		
Transfer of Excess Library Surplus (N.J.S.A. 40:54-15a)	-	-
Fund Balance December 31	\$ 263,227.03	\$ 204,986.67

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**NOTES TO FINANCIAL STATEMENTS**

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**VINELAND PUBLIC LIBRARY  
(A Component Unit of the City of Vineland)  
NOTES TO FINANCIAL STATEMENTS –  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Vineland Public Library conform to the accounting principles prescribed by the State of New Jersey Division of Local Government Services.

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

**A. Reporting Entity**

The Vineland Public Library is located in the City of Vineland. The City is a community located in the County of Cumberland, State of New Jersey. The population according to the 2010 census is 60,734.

The Vineland Public Library began operations on in 1901 after a resolution was passed by the Borough of Vineland to establish and begin operating a library. This organization is incorporated in the State of New Jersey by virtue of the provisions of the New Jersey municipal statutes, entitled Title 40:54-1 et seq. The Board of Trustees is created by the law as the control or governing body of the Library. The Board consists of nine members:

- The Mayor (or appointee)
- Superintendent of Schools (or appointee)
- Seven at members who are appointed by the mayor

The Vineland Public Library is a component unit of the City of Vineland. The City of Vineland reports on a Regulatory Basis of Accounting, in accordance with the requirements of the New Jersey Division of Local Government Services, which is another comprehensive basis of accounting. Under this basis, the City does not include its component units in its annual report.

**B. Description of Funds**

To ensure observance of limitations and restrictions placed on the use of resources available to the library, the accounts of the library are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the library are reported as follows:

General Fund -- Includes unrestricted and restricted resources; represents the portion of expendable funds that is available for support of library operations

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for libraries by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow a modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Library's budget. Other amounts that are due to the Library which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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.

Inventories of Supplies – The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the balance sheet.

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. Books used in the circulating library have not been capitalized because their estimated useful lives are less than one year.

Tax Levy – Municipal Library - City Council annually appropriates and raises by taxation a sum equal to one-third of a mill on every dollar of assessable property within the City based on the equalized valuation of such property as certified by the Director of the Division of Taxation in the Department of Treasury, State of New Jersey. Additional sums, as in the judgment of the City may be appropriated and raised by taxation annually.

Any increase in the amount raised for taxation for the municipal library shall not exceed the total amount expended by the municipality in the previous year plus 15% of the previous year's total expenditures for the maintenance of a free public library.

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a "pay as you go" basis. Likewise no accrual is made for post-employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Budgetary Practices – The Library's Board of Directors prepare and adopt an annual budget. The budget may be amended throughout the year by action of the Board of Trustees. The budget is adopted on the same basis of accounting utilized for the preparation of financial statements – regulatory basis.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Revenues, Expenses and Changes in Fund Balance. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

**E. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Revenues, Expenses and Changes in Fund Balance in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Budgetary Revenue-Regulatory Basis and Statement of Budgetary Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**F. Recent Accounting Pronouncements Not Yet Effective**

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement, which is effective for periods beginning after December 15, 2021, will not have any effect on the Library's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for periods ending December 31, 2021, will not have any effect on the Library's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods, thereafter, will not have any effect on the Library's financial reporting.

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the Library's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement will not have any effect on the Library's financial reporting.

**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

GASB Statement No. 3, amended by GASB Statement No. 40, requires disclosure of the level of custodial credit risk assumed by the Library in its cash, cash equivalents and investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a policy for custodial credit risk; however, the State of New Jersey imposes certain collateral requirements for governmental units. These requirements are disclosed in detail as part on Note 1.

Deposits

All of the deposits of the Library are insured through federal depository insurance coverage or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

At December 31, 2020, the carrying amount of the Library's deposits was \$107,261.75 and the bank balance was \$109,357.63. The bank balance, \$109,357.63 was insured with Federal Deposit Insurance Corporation.

Investments

New Jersey municipal units are limited as to the types of investments and types of financial institutions 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 municipal units. As of December 31, 2020, the library had investments totaling \$8,380.79. All of the Library's investments are in certificate of deposits which do not exceed the FDIC insured amount.

**NOTE 3: COMPENSATED ABSENCES**

Full-time employees are entitled to fifteen paid sick 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 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 on compensated day for every two days accumulated. There is a maximum payout of \$15,000.00.

The library does not record accrued expenses related to compensated absences. However, the estimated value of compensated absences as of December 31, 2020 was \$77,962.39.

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 4: DEFERRED COMPENSATION ACCOUNT**

The Vineland Public Library reimburses the City for their employees' salaries and associated benefits. The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements. The plan administrators are as follows:

Mass Mutual  
Valic  
Voya

**NOTE 5: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the City of Vineland's pension liabilities. However, due to the fact that the City of Vineland reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The Vineland Public Library employees are enrolled in the Public Employees' Retirement Pension through the City of Vineland. The Library reimburses the City for their employees' pension expense including the employer pension contribution each year. The pension liability is therefore disclosed by the City of Vineland.

**NOTE 6: OTHER POST-RETIREMENT BENEFITS**

In 2015, the Governmental Accounting Standards Board issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 15, 2017. However, due to the fact that the City of Vineland reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The Vineland Public Library employees are enrolled in State Health Benefits through the City of Vineland. The Library reimburses the City for their employees' health insurance expense. The post-retirement benefit liability is therefore disclosed by the City of Vineland.

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**VINELAND PUBLIC LIBRARY**  
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**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 7: PENSION PLAN**

Description of Plans

The Vineland Public Library reimburses the City for their employees' salaries and associated benefits.

All eligible employees participate in the Public Employees' Retirement System (PERS), which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq. For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% through December 31, 2020 of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 15.11% of covered payroll. The Library's contributions to PERS for the years ended December 31, 2020, 2019 and 2018 were \$120,033.04, \$132,913.00, and \$134,188.00. Library employees are enrolled in the pension system through the City.

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**VINELAND PUBLIC LIBRARY**  
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**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PERS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PERS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a  $\frac{1}{7}$ <sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(CONTINUED)**

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 8: 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.

**NOTE 9: ECONOMIC DEPENDENCY**

The Vineland Public Library is economically dependent on the City of Vineland. Most of the Library revenue is raised through an appropriation in the City's budget, as required by state law.

**NOTE 10: FUND BALANCE**

The Library's total fund balance at December 31, 2020 is \$263,227.03; \$3,393.92 has been designated and 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 and \$259,833.11 is unrestricted and undesignated. During the year ended December 31, 2020, the Library Board of Trustees did not transfer any excess Library surplus to the City of Vineland to use as a revenue in the City's budget.

**NOTE 11: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred December 31, 2020 through September 17, 2021, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

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**SUPPLEMENTARY INFORMATION**

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2020**

	Estimated Revenues	Revenues Realized	Excess or (Deficit)
City Appropriation	\$ 1,315,722.00	1,315,722.00	-
Miscellaneous	40,000.00	15,281.14	(24,718.86)
	\$ 1,355,722.00	1,331,003.14	(24,718.86)

Miscellaneous Revenue:

Interest Income	\$ 121.54
Fines	2,384.93
Video Fines	364.40
Non Resident Cards	950.00
Lost Cards	130.00
Photocopies	1,050.00
Print Outs	3,077.82
Fax Cards	626.96
Computer Visitor Cards	12.25
Replacement Material	432.78
Miscellaneous Revenues	380.70
Memorials	1,807.00
Meetings	175.00
Community Development	1,167.76
Cultural & Heritage Grant 2019	875.00
Census Grant 2020	1,450.00
NJ Makers Day	275.00
	15,281.14

Total Revenues and Other Income Realized \$ 15,281.14

**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2020**

	Budget After Modification	Paid or Charged	Unexpended Balance / (Excess Expenditures)
Compensation:			
Salaries and Wages	\$ 688,587.58	665,144.53	23,443.05
Fringe Benefits	404,757.95	421,734.36	(16,976.41)
Library Operations:			
Library Materials	42,288.23	37,941.68	4,346.55
Office Supplies	8,500.00	5,958.47	2,541.53
Maintenance Office Furniture and Equipment	1,000.00	818.25	181.75
Building and Fixtures	35,000.00	17,007.68	17,992.32
Telephone	5,500.00	6,857.01	(1,357.01)
Electric, Water, Gas and Sewer	72,900.00	56,004.94	16,895.06
Rental (Copier)	4,500.00	3,282.87	1,217.13
Miscellaneous	7,188.24	1,975.41	5,212.83
Travel	500.00	-	500.00
Professional Services	59,000.00	40,020.00	18,980.00
Janitorial Supplies	3,500.00	3,163.77	336.23
Postage	500.00	137.50	362.50
Computer Sharing Costs	12,000.00	11,318.40	681.60
Furniture, Fixture and Equipment	10,000.00	1,397.91	8,602.09
	\$ 1,355,722.00	1,272,762.78	82,959.22
Cash Disbursed		\$ 1,253,764.96	
Accounts Payable:			
Bills		18,997.82	
		\$ 1,272,762.78	

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**VINELAND PUBLIC LIBRARY**  
**(A Component Unit of the City of Vineland)**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

Cash Balance January 1		\$	155,043.94
Increased by Receipts:			
Appropriation - City of Vineland	\$		1,140,758.90
Miscellaneous Revenues			15,281.14
Due from the City of Vineland			63,815.29
			1,219,855.33
			1,374,899.27
Decreased by Disbursements:			
Budget Appropriations		1,253,764.96	
Accounts Payable		13,872.56	
			1,267,637.52
Cash Balance December 31		\$	107,261.75
Analysis:			
Cash:			
Ocean First Bank - General Checking		\$	98,050.21
Ocean First Bank - CD			8,380.79
Century Savings - Cash Fund			830.75
		\$	107,261.75

**VINELAND PUBLIC LIBRARY  
(A Component Unit of the City of Vineland)  
ROSTER OF OFFICIALS**

<u>Name</u>	<u>Position</u>	<u>Term</u>
Library Board of Trustees:		
Dr. Luis Amberths	President	12/31/2022
Macleod Carre	Vice President	*
Sheena Santiago	Secretary	12/31/2022
Gina Randazzo-Dawkins	Treasurer	12/31/2023
Suzette DeMarchi	Trustee	**
Karen Anne Kreck	Trustee	12/31/2021
Devon Land	Trustee	12/31/2024
Anthony Lombardo	Trustee	12/31/2025
Michael M. Mainiero	Trustee	12/31/2023
* Mayor or Mayor's Appointee		
** School Representative or Appointee		
Other:		
Alan Giebner	Library Solicitor	
Melissa Vanes	Assistant Supervisor of Accounts	



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

Members of the Board of Trustees  
Vineland Public Library  
(A Component Unit of the City of Vineland)  
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, the regulatory basis financial statements of the general fund and account group as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Vineland Public Library's (A Component Unit of the City of Vineland) basic financial statements, and have issued our report thereon dated September 17, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Library's 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'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 Library'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 Library'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 those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*  
Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

September 17, 2021

VINELAND PUBLIC LIBRARY  
(A Component Unit of the City of Vineland)  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

**FINDINGS AND RESPONSES**

None

In accordance with the Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Library in response to my recommendations, if any.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*  
Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

September 17, 2021

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