

RESOLUTION NO. 2022- 462

RESOLUTION ACKNOWLEDGING THE RECEIPT OF THE CITY OF VINELAND, COUNTY OF CUMBERLAND VINELAND PUBLIC LIBRARY AUDIT REPORT FOR YEAR ENDING DECEMBER 31, 2021 AND AUTHORIZE THE SAME TO BE RECEIVED AND FILED WITH THE CITY CLERK AND CHIEF FINANCE OFFICER.

WHEREAS, City Council has received the independent auditor's report of Ford-Scott and Associates, L.L.C., which provides the financial statement of the Vineland Public Library on the basis of accounting prescribed by the Local Government Services Division; and

WHEREAS, said independent auditor's report found no conditions which would be considered to be a matter of noncompliance.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Vineland that receipt of the independent auditor's report dated September 19, 2022 is hereby acknowledged, and further that the same shall be received and filed with the City Clerk and Chief Finance Officer.

Adopted:

President of Council

ATTEST:

City Clerk

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

**VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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FORD - SCOTT

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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

Opinions

We have audited the accompanying balance sheets - regulatory basis of the general fund and account group of the Vineland Public Library (A Component Unit of the City of Vineland), as of December 31, 2021 and 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 general fund for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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 as of December 31, 2021 and 2020, or changes in financial position for the years 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 sheet and account group as of December 31, 2021 and 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, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Vineland Public Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 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.

Responsibilities of Management 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.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Vineland Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Vineland Public Library's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vineland Public Library's 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the Vineland Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness 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 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 19, 2022

GENERAL FUND

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

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 338,905.32	\$ 107,261.75
Due from City of Vineland	<u>100,470.10</u>	<u>174,963.10</u>
	<u><u>\$ 439,375.42</u></u>	<u><u>\$ 282,224.85</u></u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts Payable	<u>\$ 23,197.71</u>	<u>\$ 18,997.82</u>
Total Liabilities	23,197.71	18,997.82
Fund Balances:		
Designated	3,393.92	3,393.92
Undesignated	<u>412,783.79</u>	<u>259,833.11</u>
Total Fund Balances	<u>416,177.71</u>	<u>263,227.03</u>
	<u><u>\$ 439,375.42</u></u>	<u><u>\$ 282,224.85</u></u>

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,

	<u>2021</u>	<u>2020</u>
<u>Revenues and Other Income Realized</u>		
City of Vineland - Appropriation	\$ 1,331,368.00	\$ 1,315,722.00
Miscellaneous Revenues	9,337.58	9,706.38
Other Miscellaneous Revenues- Grants/Donations	<u>7,753.73</u>	<u>5,574.76</u>
Total Revenues	1,348,459.31	1,331,003.14
<u>Expenditures</u>		
Salaries and Benefits	1,004,102.96	1,086,878.89
Library Operations	<u>191,405.67</u>	<u>185,883.89</u>
Total Expenditures	<u>1,195,508.63</u>	<u>1,272,762.78</u>
Excess of Revenues Over Expenditures	152,950.68	58,240.36
Fund Balance January 1	<u>263,227.03</u>	<u>204,986.67</u>
Transfers In (Out)		
Transfer of Excess Library Surplus (N.J.S.A. 40:54-15a)	<u>-</u>	<u>-</u>
Fund Balance December 31	<u><u>\$ 416,177.71</u></u>	<u><u>\$ 263,227.03</u></u>

NOTES TO FINANCIAL STATEMENTS

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 2020 census is 60,780.

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

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(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, 2021 AND 2020
(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 June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after June 15, 2021, may have an effect on the Library's financial reporting. The effective date of this pronouncement has been postponed 18 months.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any an 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 an effect on the Library's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Private Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an 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 fiscal periods beginning after June 15, 2022, will not have any an 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 is partially effective immediately and also for fiscal years beginning after June 15, 2021. This statement will not have any an effect on the Library's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99 "Omnibus 2022". This statement, which is effective for fiscal periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any an 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, 2021 AND 2020
(CONTINUED)

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100 "Accounting Changes and Error Corrections" an amendment of GASB Statement No. 62. This statement, which is effective for fiscal periods beginning after June 15, 2023, and all reporting periods thereafter, will not have any an effect on the Library's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101 "Compensated Absences". This statement, which is effective for fiscal periods beginning after December 15, 2023, and all reporting periods thereafter, may have an effect on the Library's financial reporting.

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, 2021, the carrying amount of the Library's deposits was \$338,905.32 and the bank balance was \$347,051.53. The bank balance, \$347,051.53 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, 2021, the library did not have any investments.

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, 2021 was \$42,952.61.

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(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.

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(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, 2021 of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 15.98% of covered payroll. The Library's contributions to PERS for the years ended December 31, 2021, 2020 and 2019 were \$112,223.16, \$120,033.04, and \$132,913.00. Library employees are enrolled in the pension system through the City.

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 $\frac{1}{60}$ th from $\frac{1}{55}$ th, 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 $\frac{1}{7}$ th 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, 2021 AND 2020
(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, 2021 is \$416,177.71; \$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 \$412,783.79 is unrestricted and undesignated. During the year ended December 31, 2021, 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, 2021 through September 19, 2022, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

SUPPLEMENTARY INFORMATION

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Estimated Revenues</u>	<u>Revenues Realized</u>	<u>Excess or (Deficit)</u>
City Appropriation	\$ 1,331,368.00	1,331,368.00	-
Miscellaneous	10,000.00	17,091.31	7,091.31
	<u>1,341,368.00</u>	<u>1,348,459.31</u>	<u>7,091.31</u>

Miscellaneous Revenue:

Interest Income	\$ 33.91
Fines	3,271.71
Video Fines	202.59
Non Resident Cards	700.00
Lost Cards	319.99
Photocopies	622.95
Print Outs	2,480.06
Fax Cards	602.83
Computer Visitor Cards	100.00
Replacement Material	643.84
Miscellaneous Revenues	259.70
Memorials	935.00
Meetings	100.00
Community Development	<u>6,818.73</u>

Total Revenues and Other Income Realized	\$ <u>17,091.31</u>
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VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Budget After Modification	Paid or Charged	Unexpended Balance / (Excess Expenditures)
Compensation:			
Salaries and Wages	\$ 666,070.78	626,835.76	39,235.02
Fringe Benefits	452,515.27	377,267.20	75,248.07
Library Operations:			
Audit Services	15,000.00	9,000.00	6,000.00
Library Materials	42,288.23	44,130.30	(1,842.07)
Office Supplies	8,500.00	5,369.79	3,130.21
Maintenance Office Furniture and Equipment	1,000.00	818.25	181.75
Building and Fixtures	30,000.00	23,147.48	6,852.52
Telephone (and T lines)	7,000.00	9,578.20	(2,578.20)
Electric & Gas Utility	69,200.00	56,570.43	12,629.57
Sewer	1,300.00	1,448.34	(148.34)
Water Utility	1,400.00	1,200.22	199.78
Rental (Copier)	4,500.00	3,555.31	944.69
Miscellaneous	500.00	2,957.89	(2,457.89)
Professional Services (Legal Fees)	26,293.72	14,242.50	12,051.22
Janitorial Services & Supplies	3,500.00	1,855.48	1,644.52
Postage	500.00	173.65	326.35
Computer Sharing Costs	11,800.00	11,786.88	13.12
Furniture, Fixture and Equipment		5,570.95	(5,570.95)
	<u>\$ 1,341,368.00</u>	<u>1,195,508.63</u>	<u>145,859.37</u>
Cash Disbursed		\$ 1,172,310.92	
Accounts Payable:			
Bills		<u>23,197.71</u>	
		<u>\$ 1,195,508.63</u>	

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2021

Cash Balance January 1		\$	107,261.75
Increased by Receipts:			
Appropriation - City of Vineland	\$	1,230,897.90	
Miscellaneous Revenues		17,091.31	
Due from the City of Vineland		174,963.10	
			<u>1,422,952.31</u>
			1,530,214.06
Decreased by Disbursements:			
Budget Appropriations		1,172,310.92	
Accounts Payable		18,997.82	
			<u>1,191,308.74</u>
Cash Balance December 31		\$	<u><u>338,905.32</u></u>
Analysis:			
Cash:			
Ocean First Bank - General Checking		\$	<u>338,905.32</u>
		\$	<u><u>338,905.32</u></u>

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:		
Sheena Santiago	President	12/31/2022
Jose Muniz	Vice President	12/31/2022
Gina Randazzo-Dawkins	Secretary	12/31/2023
Anthony Lombardo	Treasurer	12/31/2025
Suzette DeMarchi	Trustee	**
Christa Dickenson *	Trustee	12/31/2024
Devon Land	Trustee	12/31/2024
Michael M. Mainiero	Trustee	12/31/2023
Jaclyn Mongelluzzo	Trustee	12/31/2026
* Mayor or Mayor's Appointee		
** School Representative or Appointee		
Other:		
Alan Giebner	Library Solicitor	
Melissa Vanes	Assistant Supervisor of Accounts	
Dr. Luis Amberths	Business Manager	



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the Vineland Public Library, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated September 19, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Vineland Public Library prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 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.

Report on 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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 19, 2022

VINELAND PUBLIC LIBRARY
(A Component Unit of the City of Vineland)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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 19, 2022