

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)**

**Financial Statements
with Supplementary Information**

December 31, 2015 and 2014

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Financial Statements with Supplementary Information
December 31, 2015 and 2014**

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of Trustees
of the Mahwah Public Library
Township of Mahwah, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative balance sheet -regulatory basis of the Mahwah Public Library (the "Library"), County of Bergen, State of New Jersey, (A Component Unit of the Township of Mahwah, the "Township"), as of December 31, 2015 and 2014, and the related comparative statements of revenues, expenditures and changes in net assets and cash receipts and disbursements for the years then ended, and the related notes to the financial statements, which collectively comprise the Library's financial statements – regulatory basis as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis (the "financial statements") in accordance with the financial reporting provision of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division. 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 misstatements 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 representation 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 and presented by the Library on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal libraries. The effect on the financial statements of the variances between the regulatory accounting practices 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 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 conformity with accounting principles generally accepted in the United States of America, the financial position of each account of the Library as of December 31, 2015 and 2014, or the 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 comparative statement of revenues, expenditures, and changes in net assets – regulatory basis, of each account group of the Library as of December 31, 2015 and 2014, and each accounts’ respective operations and changes in financial position and net assets – regulatory basis for the years then ended, on the basis of the financial reporting provisions of the Division as described in Note 1.

Other Matters

Required Supplementary Information

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

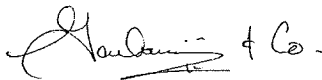
Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Library’s basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2016 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPA's
Registered Municipal Accountants

Carlstadt, New Jersey
May 19, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
of the Mahwah Public Library
Township of Mahwah, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the comparative balance sheet – regulatory basis (the "financial statements") of the Mahwah Public Library (the "Library"), County of Bergen, State of New Jersey, A Component Unit of the Township of Mahwah (the "Township"), as of and for the years ended December 31, 2015 and 2014, and the related comparative statements of revenues, expenditures and changes in net assets and cash receipts and disbursements for the years then ended, and the related notes to the financial statements, which collectively comprise the Library's financial statements and have issued our report thereon dated May 19, 2016. As described in Note 1, the Library prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 to 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 the deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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

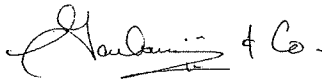
As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements prescribed by the Division.

Purpose of this Report

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



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPAs
Registered Municipal Accountants

Carlstadt, New Jersey
May 19, 2016

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Comparative Balance Sheets - Regulatory Basis
December 31, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Operating Fund:		
Operating Account	\$ 37,500	\$ 351,884
Operating Reserve Account	298,144	-
State Aid Account	-	15,302
Unemployment Account	88,683	85,674
Electronic Receipts Account	828	-
Payroll Account	500	2,260
Total Operating	<u>425,655</u>	<u>455,120</u>
Capital Fund:		
Private Contribution Account	40,244	61,811
Capital Reserve Account	394,706	-
Capital Account	500	365,746
Total Capital	<u>435,450</u>	<u>427,557</u>
TOTAL ASSETS	<u><u>\$ 861,105</u></u>	<u><u>\$ 882,677</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities:		
Accounts Payable:		
Unassigned	\$ 4,550	\$ 5,491
Unclaimed payroll	394	-
Fund Balances:		
Unrestricted:		
Assigned - Unemployment Reserve	88,683	85,674
Unassigned	332,028	363,955
Restricted:		
Capital Fund	<u>435,450</u>	<u>427,557</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 861,105</u></u>	<u><u>\$ 882,677</u></u>

See independent auditor's report and notes to financial statements.

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Comparative Statement of Revenues, Expenditures and
Changes in Net Assets - Regulatory Basis
December 31, 2015 and 2014

	<u>Unrestricted</u>		<u>Restricted</u>	
	<u>Unassigned Operating Fund</u>	<u>Unemployment Reserve</u>	<u>Building & Capital Improvements</u>	<u>Total 2015</u>
2015 REVENUES				
Township of Mahwah appropriations	\$ 1,983,717	\$ -	\$ -	\$ 1,983,717
State Aid	11,321			11,321
Fines	20,799			20,799
Contributions	5,222			5,222
Reciprocal borrowing	7,127			7,127
Copier/computer printout revenue	4,559			4,559
Video rentals	6,886			6,886
Interest on savings	48	135	54	237
Lost and damaged books	2,833			2,833
Miscellaneous revenue	3,465	3,065		6,530
Interfund			95,370	95,370
Total Revenues	<u>2,045,977</u>	<u>3,200</u>	<u>95,424</u>	<u>2,144,601</u>
2015 EXPENDITURES				
Salaries and benefits	1,351,678			1,351,678
Library materials	243,038			243,038
Operating expenses	54,920	191	159	55,270
Professional fees	33,476		16,643	50,119
Supplies and stationary	34,059			34,059
Program expense	63,245			63,245
Computer expense	46,020			46,020
Furniture and equipment	11,875			11,875
Building maintenance	73,754			73,754
Utilities	70,469			70,469
Capital Improvements			70,729	70,729
Interfund	95,370			95,370
Total Expenditures	<u>2,077,904</u>	<u>191</u>	<u>87,531</u>	<u>2,165,626</u>
Excess/(deficit) of revenues over/(under) expenditures	(31,927)	3,009	7,893	(21,025)
Net Assets, January 1	<u>363,955</u>	<u>85,674</u>	<u>427,557</u>	<u>877,186</u>
Net Assets, December 31	<u>\$ 332,028</u>	<u>\$ 88,683</u>	<u>\$ 435,450</u>	<u>\$ 856,161</u>

See independent auditor's report and notes to financial statements.

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Comparative Statement of Revenues, Expenditures and
Changes in Net Assets - Regulatory Basis
December 31, 2015 and 2014

	<u>Unrestricted</u>		<u>Restricted</u>	
	<u>Unassigned Operating Fund</u>	<u>Unemployment Reserve</u>	<u>Building & Capital Improvements</u>	<u>Total 2014</u>
2014 REVENUES				
Township of Mahwah appropriations	\$ 1,963,029	\$ -	\$ -	\$ 1,963,029
State Aid	11,253			11,253
Fines	22,294			22,294
Contributions	7,170			7,170
Reciprocal borrowing	5,419			5,419
Copier/computer printout revenue	2,863			2,863
Video rentals	7,580			7,580
Interest on savings		157	146	303
Lost and damaged books	3,049			3,049
Miscellaneous revenue	8,834	1,010		9,844
Interfund	47,629		50,000	97,629
	<u>2,079,120</u>	<u>1,167</u>	<u>50,146</u>	<u>2,130,433</u>
Total Revenues	<u>2,079,120</u>	<u>1,167</u>	<u>50,146</u>	<u>2,130,433</u>
2014 EXPENDITURES				
Salaries and benefits	1,355,115			1,355,115
Library materials	254,159			254,159
Operating Expenses	51,342	208	34	51,584
Professional fees	23,824		4,502	28,326
Supplies and stationary	37,088			37,088
Program expense	62,285			62,285
Computer expense	43,909			43,909
Furniture and equipment	11,694			11,694
Building maintenance	89,436			89,436
Utilities	63,045			63,045
Capital Improvements			90,518	90,518
Interfund	50,000	47,629		97,629
	<u>2,041,897</u>	<u>47,837</u>	<u>95,054</u>	<u>2,184,788</u>
Total Expenditures	<u>2,041,897</u>	<u>47,837</u>	<u>95,054</u>	<u>2,184,788</u>
Excess/(deficit) of revenues over/(under) expenditures	37,223	(46,670)	(44,908)	(54,355)
Net Assets, January 1	<u>326,732</u>	<u>132,344</u>	<u>472,465</u>	<u>931,541</u>
Net Assets, December 31	<u>\$ 363,955</u>	<u>\$ 85,674</u>	<u>\$ 427,557</u>	<u>\$ 877,186</u>

See independent auditor's report and notes to financial statements.

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Comparative Statement of Cash Receipts and Disbursements
December 31, 2015 and 2014

	<u>Operating Funds</u>	<u>Capital Funds</u>
Balance per books, January 1, 2015	\$ 455,120	\$ 427,557
Increased by Receipts:		
Township of Mahwah budget appropriation	1,983,717	
State aid	11,321	
Fines	20,799	
Contributions	5,222	
Reciprocal borrowing	7,127	
Copier/computer printout revenue	4,559	
Video rentals	6,886	
Interest on savings	183	54
Lost and damaged books	2,134	
Miscellaneous revenue	7,229	
Interfund		95,370
	<u>2,049,177</u>	<u>95,424</u>
	<u>2,504,297</u>	<u>522,981</u>
Decreased by Disbursements:		
Expenditures	<u>2,078,642</u>	<u>87,531</u>
Balance per books, December 31, 2015	<u>\$ 425,655</u>	<u>\$ 435,450</u>

Analysis of cash balance at December 31, 2015

Balance per bank's statements of:

Boiling Springs Bank:		
Operating Account #0003243635	\$ 60,061	\$ -
Operating Reserve Account #0003672608	295,148	
Unemployment Account #0003964322	88,683	
Payroll Account #0003524849	4,355	
Electronic Receipts Account #0003129050	791	
Private Contributions Account #0003233135		40,244
Capital Account #0003623800		500
Capital Reserve Account #000368107		30,102
Add: Deposit in transit	3,467	364,604
(Less:) Outstanding checks	<u>(26,850)</u>	
Balance, December 31, 2015	<u>\$ 425,655</u>	<u>\$ 435,450</u>

See independent auditor's report and notes to financial statements.

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Comparative Statement of Cash Receipts and Disbursements
December 31, 2015 and 2014

	<u>Operating Funds</u>	<u>Capital Funds</u>
Balance per books, January 1, 2014	\$ 463,746	\$ 472,944
Increased by Receipts:		
Township of Mahwah budget appropriation	1,963,029	
State aid	11,253	
Fines	22,294	
Contributions	7,170	
Reciprocal borrowing	5,419	
Copier/computer printout revenue	2,863	
Video rentals	7,580	
Interest on savings	157	146
Lost and damaged books	3,049	
Miscellaneous revenue	9,844	
Interfund		50,000
	<u>2,032,658</u>	<u>50,146</u>
	<u>2,496,404</u>	<u>523,090</u>
Decreased by Disbursements:		
Expenditures	<u>2,041,284</u>	<u>95,533</u>
Balance per books, December 31, 2014	<u><u>\$ 455,120</u></u>	<u><u>\$ 427,557</u></u>

Analysis of cash balance at December 31, 2014

<u>Balance per bank's statements of:</u>		
Bank of America #0040 7000 2383	\$ 390,146	\$ -
Bank of America #0094 0391 1889	15,302	
TD Bank #247-0000162	85,674	
Bank of America #0040 7000 3231	5,149	
TD Bank #345-1585308		102,204
Bank of America #0094 1778 4884		365,746
Add: Deposit in transit	399	
(Less:) Outstanding checks	<u>(41,550)</u>	<u>(40,393)</u>
Balance, December 31, 2014	<u><u>\$ 455,120</u></u>	<u><u>\$ 427,557</u></u>

See independent auditor's report and notes to financial statements.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Notes to the Financial Statements
December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mahwah Public Library (the "Library"), County of Bergen, State of New Jersey, (A Component Unit of the Township of Mahwah, the "Township") conform to the accounting principles applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles (GAAP). The following is a summary of the significant policies.

General Statement

The Library provides free library services ranging from reference assistance, children programs, audiovisual and periodicals to the residents of Mahwah.

Component Unit

The Governmental Accounting Standards Board Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of government units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and the other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials or the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the primary government.

The Library is a component unit of the primary government of the Township. The members of the Library are appointed by the Mayor with the advice and consent of the Council of the Township, and the Township would be obligated to guarantee debt of the Library to the extent not met by other sources.

See independent auditor's report.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Notes to the Financial Statements
December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

An annual budget is adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements are those adopted by the Library Board of Trustees.

Measurement Focus and Basis of Accounting

The financial statements are reported using the current financial resources measurement focus and the regulatory basis of accounting that demonstrates compliance with the modified accrual basis of accounting with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the method of modified accrual basis of accounting, revenues are recognized when received and expenditures are recorded when incurred.

Revenues

Revenues, except for the municipal contribution and State/Federal Aid, are recognized on a cash basis. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements.

Compensated Absences

Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation. During 2012, a revised personnel manual was adopted that allows the Library to pay employees for accumulated vacation time upon termination. Other accumulated time, such as sick leave, is not paid out upon termination.

Inventories of Supplies

The costs of inventories of supplies and the library collection for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories and the library collection are not capitalized on the balance sheet as required by GAAP.

See independent auditor's report.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Notes to the Financial Statements
December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Capital Assets

The library building is owned by the Township and is not recorded on the books of the Library. No depreciation on the building is included in operating expenditures. Equipment is recorded as an expenditure at time of purchase and is not recorded as a capital asset.

Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Library presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

2. FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of the 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 that are in accordance with activities or objectives specified. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities reserves, fund balance, revenues and expenditures, as appropriate.

Funds

Operating Fund: is used to account for the resources and expenditures for operations of a general nature, including Federal, State and Local grants for operations, if any,

Capital Fund: is used to account for the receipts, custodianship and disbursements of monies in accordance with the purpose for which the fund was created.

See independent auditor's report.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Notes to the Financial Statements
December 31, 2015 and 2014**

3. CASH AND CASH EQUIVALENTS

The Library considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

Custodial Credit Risk - Deposits

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-151.1(a) that are treated as cash equivalents. As of December 31, 2015 and 2014, \$0 of the Library's bank balance of \$519,884 and \$964,221, respectively, was exposed to custodial credit risk.

Investments

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

The Library had no cash invested as of December 31, 2015 and 2014.

4. EMPLOYEE RETIREMENT PLANS

Employees of the Library, who are eligible for a pension plan, are enrolled in the Public Employees Retirement System and are also covered by the Federal Insurance Contribution Act. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees.

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement system (retirement system) covering substantially all state and local government employees which includes those Library employees who are eligible for pension coverage.

See independent auditor's report.

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Notes to the Financial Statements
December 31, 2015 and 2014

4. EMPLOYEE RETIREMENT PLANS (Continued)

Pensions

Substantially all Library employees participate in the Public Employees' Retirement System (PERS). The PERS is a cost-sharing multiple-employee defined benefit plan, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The PERS was established in January, 1955 under provisions of N. J. S. A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of credible service.

According to state law, all obligations of PERS will be assumed by the State of New Jersey should the PERS be terminated. The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625-0295.

Contribution Requirements

The Contribution policy is set by laws of the State of New Jersey. Contributions made by employees to PERS for the years ended December 31, 2015 and 2014 were 7.06% and 6.92% of their base wages, respectively. Employers are required to contribute at an actuarially determined rate. The Library makes these required contributions.

Library Contributions

The Library's year ended December 31, 2015 and 2014 contributions to PERS and the Defined Contribution Retirement Program were:

	Dec. 31, 2015	Dec. 31, 2014
Public Employee Retirement System	\$ 105,187	\$ 100,518
Defined Contribution Retirement Program	3,299	2,439
Total Library Contributions	<u>\$ 108,486</u>	<u>\$ 102,957</u>

See independent auditor's report.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Notes to the Financial Statements
December 31, 2015 and 2014**

4. EMPLOYEE RETIREMENT PLANS (Continued)

Deferred Compensation Plan

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary to future years. Individuals are one hundred percent vested. The plan is funded solely from voluntary employee payroll deductions. Distribution is available to employees upon termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the Library's general creditors.

5. HEALTH INSURANCE

The Library participates in the health plan administered by the Township. Payments for premiums are paid to the Township in one payment during the year totaling \$178,429 and \$179,417 for the years ended December 31, 2015 and 2014, respectively.

Health Insurance Waiver

The Library offers health insurance waivers in an amount of the lesser of \$5,000 or 25% of the medical and/or dental insurance premium which would be charged per employee. In 2015, the Library paid out a total of \$339 and included the waiver as wages on the respective W-2's.

6. TRANSFER OF EXCESS LIBRARY FUNDS TO THE MUNICIPALITY

The annual report submitted by the Library Board of Trustees to the municipality pursuant to N.J.S.A. 40:54-15(a) shall identify excess funds that the board will approve for transfer to the Township as a miscellaneous revenue. Management has calculated that amount to be \$0.

7. DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through May 19, 2016, which is the date the financial statements were available to be issued.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Schedule of Accounts Payable
December 31, 2015

Balance, December 31, 2014	\$ 5,491
Increased by Receipts:	
Charged to Budget Appropriations	4,550
	<u>10,041</u>
Decreased by:	
Cash Disbursements	5,491
	<u>5,491</u>
Balance, December 31, 2015	<u><u>\$ 4,550</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Schedule of 2015 Budget Revenues
December 31, 2015

	<u>Budget Memo</u>	<u>Realized</u>	<u>Excess or (Unrealized)</u>
REVENUES			
Township of Mahwah budget appropriation	\$ 1,983,717	\$ 1,983,717	\$ -
State Aid	11,253	11,321	68
Fines	22,000	20,799	(1,201)
Contributions	4,000	5,222	1,222
Reciprocal borrowing	4,000	7,127	3,127
Copier/computer printout revenue	2,000	4,559	2,559
Video rentals	6,500	6,886	386
Interest on savings	500	237	(263)
Lost and damaged books	3,000	2,833	(167)
Miscellaneous	7,700	6,530	(1,170)
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 2,044,670</u>	<u>\$ 2,049,231</u>	<u>\$ 4,561</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Schedule of 2015 Budget Expenditures
December 31, 2015

	<u>Budget Memo</u>	<u>Paid or Charged</u>	<u>(Deficit) or Unexpended Balance</u>
EXPENDITURES			
Salaries and benefits	\$ 1,409,415	\$ 1,351,678	\$ 57,737
Library materials	253,500	243,038	10,462
Operating expenses	57,625	55,270	2,355
Professional fees	26,000	50,119	(24,119)
Supplies and stationary	35,500	34,059	1,441
Program expense	62,500	63,245	(745)
Computer expense	48,816	46,020	2,796
Furniture and equipment	10,000	11,875	(1,875)
Building maintenance	72,423	73,754	(1,331)
Utilities	68,250	70,469	(2,219)
Capital Improvements	-	70,729	(70,729)
Contingency	641	-	(641)
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 2,044,670</u>	<u>\$ 2,070,256</u>	<u>\$ (26,868)</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Board of Trustees
December 31, 2015**

President	Richard Lee
Vice President	Curtis Koster
Treasurer	Richard H. Wolf
Secretary	Angela Clarkin
Trustee	Samuel A. Alderisio
Trustee	Peter Wendrychowicz
Trustee	William Grob
Mayor	William Laforet
Mayor's Alternate	John Spiech
Superintendent of Schools	Dr. Lauren Schoen
Director	George Kurt Haderler
Assistant Director	Allison Moonitz
Administrative Assistant	Darlene Mercadante

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
General Comments
December 31, 2015**

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500. On July 1, 2015 the bid threshold was increased to \$40,000 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term ‘competitive contracting’, which is defined as “the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40.11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors’ formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.”

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c. 440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.”

N.J.S.A. 40A:11-5 was amended with P.L. 1999, c. 440 to extend the base contract period. “Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months.”

The governing body of the Library has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Library Governing Body’s opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments for contracts or agreements in excess of the statutory threshold “for the performance of any work or the furnishing or hiring of any materials or supplies,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
General Comments
December 31, 2015**

40:54-12.1 Purchases Not Requiring Advertisements for Bids

The Board of Trustees of the Library of any municipality or of a Joint Free Public Library may, within the limits of funds appropriated or otherwise made available to the Board, purchase the following without advertising for bids therefore: (1) library materials including books, periodicals, newspapers, documents, pamphlets, photographs, reproductions, microfilms, pictorial or graphic works, musical scores, maps, charts, globes, sound recordings, slides, films, filmstrips, video and magnetic tapes, other printed or published matter, and audiovisual and other materials of a similar nature; (2) necessary binding or rebinding of library materials; and (3) specialized library services.

EXPENDITURES

Vouchers, payrolls and other documents supporting claims paid in 2015 were examined on a test basis.

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
Comments and Recommendations
December 31, 2015**

Current Year Comments and Recommendations

15-01:

1099 forms were not sent to all eligible recipients.

RECOMMENDATION:

Although 1099 forms are being issued, controls in place need to be modified in order to capture all eligible recipients.

Status of Prior Years Comments and Recommendations*

NONE