

**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, 2022 and 2021

**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, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

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

Opinions on Regulatory Basis 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, 2022 and 2021, and the related comparative statements of revenues, expenditures and changes in net assets - regulatory basis and statement of cash receipts and disbursements - regulatory basis 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - regulatory basis referred to above present fairly, in all material respects, the financial position - regulatory basis of each account of the Library as of December 31, 2022 and 2021, and the results of operations and changes in net assets - regulatory basis of such accounts for the years then ended and the respective revenues and expenditures - regulatory basis of the accounts for the years then ended, in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

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 and Unmodified Opinions" section of our audit report, 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, 2022 and 2021, or the changes in financial position for the years then ended.

Basis for Opinions

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 the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mahwah Public Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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, the financial statements are prepared and presented by the Library on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), 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 GAAP, 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 the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by 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.

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 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 Responsibilities 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 not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division, 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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division, we:

- Exercise professional judgment 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 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged 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.

Required Supplementary Information

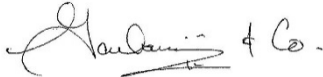
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023 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

River Edge, New Jersey
June 12, 2023

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**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 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, 2022 and 2021, and the related comparative statements of revenues, expenditures and changes in net assets – regulatory basis and statement of cash – regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Library's financial statements (the "financial statements") and have issued our report thereon dated June 12, 2023. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with the accounting principles generally accepted in the United States of America but rather prepared in accordance 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 financial reporting requirements of the State of New Jersey for municipal government entities described in Note 1.

Report on 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 weaknesses 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.

Report on 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.

We noted certain other matters that we reported to management of the Library in the schedule of comments and recommendations as item numbers 2022-01 and 2022-02.

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. CPA's
Registered Municipal Accountants

River Edge, New Jersey
June 12, 2023

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, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents		
Operating Fund:		
Operating Account	\$ 84,069	\$ 16,032
Operating Reserve Account	403,878	378,745
Unemployment Account	58,076	55,547
Electronic Receipts Account	6,478	5,643
Payroll Account	582	582
Total Operating	<u>553,083</u>	<u>456,549</u>
Capital Fund:		
Private Contribution Account	5,430	5,430
Capital Reserve Account	571,404	567,989
Capital Account	5,653	5,683
Total Capital	<u>582,487</u>	<u>579,102</u>
Total cash and cash equivalents	<u>1,135,570</u>	<u>1,035,651</u>
Accounts receivable	<u>717</u>	<u>820</u>
TOTAL ASSETS	<u>\$ 1,136,287</u>	<u>\$ 1,036,471</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities:		
Accounts Payable:		
Unassigned	\$ 13,409	\$ 1,733
Unclaimed payroll	667	667
Fund Balances:		
Unrestricted:		
Assigned - Unemployment Reserve	58,076	55,547
Unassigned	481,648	399,422
Restricted:		
Capital Fund	<u>582,487</u>	<u>579,102</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,136,287</u>	<u>\$ 1,036,471</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
For the Year Ended December 31, 2022

	<u>Unrestricted</u>		<u>Restricted</u>	
	<u>Unassigned Operating Fund</u>	<u>Unemployment Reserve</u>	<u>Building & Capital Improvements</u>	<u>Total 2022</u>
2022 REVENUES				
Township of Mahwah appropriations	\$ 2,440,187	\$ -	\$ -	\$ 2,440,187
State Aid	13,124			13,124
Grants	2,823			2,823
Passport processing	67,267			67,267
Fines	3,284			3,284
Contributions	6,265			6,265
Copier/computer printout revenue	2,938			2,938
Room rentals	1,230			1,230
Interest on savings	791	59	432	1,282
Lost and damaged books	4,069			4,069
Miscellaneous revenue	1,502			1,502
Unemployment reserve		2,470		2,470
Total Revenues	<u>2,543,480</u>	<u>2,529</u>	<u>432</u>	<u>2,546,441</u>
2022 EXPENDITURES				
Salaries and benefits	1,501,948			1,501,948
Library materials	296,997			296,997
Operating expenses	86,506		30	86,536
Professional fees	28,339		1,980	30,319
Supplies and stationary	33,598			33,598
Program expense	95,002			95,002
Computer expense	59,743			59,743
Furniture and equipment	6,594			6,594
Building maintenance	96,552			96,552
Utilities	55,975			55,975
Capital Improvements			195,037	195,037
Total Expenditures	<u>2,261,254</u>	<u>-</u>	<u>197,047</u>	<u>2,458,301</u>
Excess/(deficit) of revenues over/(under) expenditures	282,226	2,529	(196,615)	88,140
Net Assets, January 1	<u>399,422</u>	<u>55,547</u>	<u>579,102</u>	<u>1,034,071</u>
Transfer of net assets	(200,000)	-	200,000	-
Net Assets, December 31	<u>\$ 481,648</u>	<u>\$ 58,076</u>	<u>\$ 582,487</u>	<u>\$ 1,122,211</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
For the Year Ended December 31, 2021

	<u>Unrestricted</u>		<u>Restricted</u>	
	<u>Unassigned Operating Fund</u>	<u>Unemployment Reserve</u>	<u>Building & Capital Improvements</u>	<u>Total 2021</u>
2021 REVENUES				
Township of Mahwah appropriations	\$ 2,411,684	\$ -	\$ -	\$ 2,411,684
State Aid	14,208			14,208
Fines	29,152			29,152
Contributions	12,301			12,301
Copier/computer printout revenue	2,982			2,982
Room rentals	30			30
Interest on savings	1,196	102	854	2,152
Lost and damaged books	5,363			5,363
Miscellaneous revenue	167			167
Unemployment reserve		1,869		1,869
	<u>2,477,083</u>	<u>1,971</u>	<u>854</u>	<u>2,479,908</u>
Total Revenues				
2021 EXPENDITURES				
Salaries and benefits	1,466,869			1,466,869
Library materials	295,477			295,477
Operating expenses	67,054			67,054
Professional fees	19,800			19,800
Supplies and stationary	31,138			31,138
Program expense	91,059			91,059
Computer expense	63,936			63,936
Furniture and equipment	4,108			4,108
Building maintenance	77,066			77,066
Utilities	51,979			51,979
Capital Improvements			101,534	101,534
	<u>2,168,486</u>	<u>-</u>	<u>101,534</u>	<u>2,270,020</u>
Total Expenditures				
Excess/(deficit) of revenues over/(under) expenditures	308,597	1,971	(100,680)	209,888
Net Assets, January 1	<u>290,825</u>	<u>53,576</u>	<u>479,782</u>	<u>824,183</u>
Transfer of net assets	(200,000)	-	200,000	-
Net Assets, December 31	<u>\$ 399,422</u>	<u>\$ 55,547</u>	<u>\$ 579,102</u>	<u>\$ 1,034,071</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
For the Year Ended December 31, 2022

	<u>Operating Funds</u>	<u>Capital Funds</u>
Balance per books, January 1, 2022	\$ 456,549	\$ 579,102
Increased by Receipts:		
Township of Mahwah budget appropriation	2,440,187	
State aid	13,124	
Passport processing	67,267	
County grant	2,823	
Fines	3,284	
Contributions	6,265	
Copier/computer printout revenue	2,938	
Room rentals	1,230	
Interest on savings	850	432
Lost and damaged books	4,069	
Miscellaneous revenue	3,972	
Interfund		200,000
	<u>2,546,009</u>	<u>200,432</u>
	<u>3,002,558</u>	<u>779,534</u>
Decreased by Disbursements:		
Expenditures	<u>2,449,475</u>	<u>197,047</u>
Balance per books, December 31, 2022	<u><u>\$ 553,083</u></u>	<u><u>\$ 582,487</u></u>

Analysis of cash balance at December 31, 2022

Balance per bank's statements of:

Boiling Springs Bank:		
Operating Account #0003243635	\$ 145,546	\$ -
Operating Account #442-1691191	-	
Operating Reserve Account #0003672608	403,878	
Unemployment Account #0003964322	58,076	
Payroll Account #0003524849	582	
Electronic Receipts Account #0003129050	6,413	
Private Contributions Account #0003233135		5,430
Capital Account #0003623800		7,071
Capital Reserve Account #000368107		571,404
Balance per bank's statements	<u>614,495</u>	<u>583,905</u>
Add: Deposit in transit	522	-
(Less:) Outstanding checks	<u>(61,934)</u>	<u>(1,418)</u>
Balance, December 31, 2022	<u><u>\$ 553,083</u></u>	<u><u>\$ 582,487</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 Cash Receipts and Disbursements
For the Year Ended December 31, 2021

	Operating Funds	Capital Funds
Balance per books, January 1, 2021	\$ 350,393	\$ 484,149
Increased by Receipts:		
Township of Mahwah budget appropriation	2,411,684	
State aid	14,208	
Fines	28,709	
Contributions	12,301	
Copier/computer printout revenue	2,982	
Room rentals	30	
Interest on savings	1,298	854
Lost and damaged books	5,363	
Miscellaneous revenue	167	
Interfund		200,000
	<u>2,476,742</u>	<u>200,854</u>
	2,827,135	685,003
Decreased by Disbursements:		
Expenditures	<u>2,370,586</u>	<u>105,901</u>
Balance per books, December 31, 2021	<u><u>\$ 456,549</u></u>	<u><u>\$ 579,102</u></u>

Analysis of cash balance at December 31, 2021

Balance per bank's statements of:

Boiling Springs Bank:		
Operating Account #0003243635	\$ 56,505	\$ -
Operating Reserve Account #0003672608	411,009	
Unemployment Account #0003964322	52,630	
Payroll Account #0003524849	4,366	
Electronic Receipts Account #0003129050	5,693	
Private Contributions Account #0003233135		5,430
Capital Account #0003623800		1,001
Capital Reserve Account #000368107		573,214
Balance per bank's statements	<u>530,203</u>	<u>579,645</u>
Add: Deposit in transit	37,299	-
(Less:) Outstanding checks	<u>(110,953)</u>	<u>(543)</u>
Balance, December 31, 2021	<u><u>\$ 456,549</u></u>	<u><u>\$ 579,102</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, 2022 and 2021

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 and libraries (component units) 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 in the United States of America (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 the Township.

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, 2022 and 2021

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, 2022 and 2021**

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, 2022 and 2021**

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, 2022 and 2021, \$0 of the Library's bank balance of \$1,198,400 and \$1,109,848, 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, 2022 and 2021.

4. EMPLOYEE RETIREMENT PLANS

Library employees are enrolled, through the Township and participate in one of the two contributory defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a). PERS and DCRP do not maintain separate records for Library employees from Township employees.

Public Employees' Retirement System (PERS) Plan

Description of Plan

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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, 2022 and 2021**

4. EMPLOYEE RETIREMENT PLANS (Continued)

Public Employees' Retirement System (PERS) Plan (Continued)

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements and can be reviewed in the Township's annual audit report.

Contributions

The contribution policy is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Library contributions to PERS amounted to \$120,994 and \$123,710 for the years ended December 31, 2022 and 2021, respectively. The employee contribution rate is 7.50%.

Defined Contribution Retirement Plan Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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, 2022 and 2021**

4. EMPLOYEE RETIREMENT PLANS (Continued)

Defined Contribution Retirement Plan Program (DCRP)(Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Library recognized pension expense of \$7,802 and \$7,478 for the years ended December 31, 2022 and 2021, respectively.

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 \$141,802 and \$154,142 for the years ended December 31, 2022 and 2021, 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 2022, the Library paid out a total of \$3,845 and included the waiver as wages on the respective W-2's.

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, 2022 and 2021

6. CONTINGENCIES

Accumulated Absences

The Library adopted a personnel manual 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.

It is estimated that the current cost of such unpaid compensation at December 31, 2022 is approximately \$48,961. This amount is not reported either as expenditure or liability.

Litigation

From time to time the Library is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

7. 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.

8. ECONOMIC DEPENDENCY

The Library receives a substantial amount of support from the municipality. As a component unit, a significant reduction in the level of the support, if this were to occur, may have an effect on the Library's programs and activities

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 12, 2023 which is the date the financial statements were available to be issued. There were no subsequent events that required financial statement adjustment.

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, 2022

Balance, December 31, 2021	\$ 1,733
Increased by Receipts:	
Charged to Budget Appropriations	<u>13,409</u>
	15,142
Decreased by:	
Cash Disbursements	<u>1,733</u>
Balance, December 31, 2022	<u><u>\$ 13,409</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 2022 Budget Revenues
For the Year Ended December 31, 2022

	<u>Budget Memo</u>	<u>Realized</u>	<u>Excess or (Unrealized)</u>
REVENUES			
Township of Mahwah budget appropriation	\$ 2,440,187	\$ 2,440,187	\$ -
State Aid	14,000	13,124	(876)
Interest	1,000	1,282	282
Grants, gifts and donations	9,000	9,088	88
Patron revenue	42,390	78,788	36,398
Miscellaneous revenue	1,250	1,502	252
Unemployment reserve	1,000	2,470	1,470
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 2,508,827</u>	<u>\$ 2,546,441</u>	<u>\$ 37,614</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 2022 Budget Expenditures
For The Year Ended December 31, 2022

	<u>Budget Memo</u>	<u>Paid or Charged</u>	<u>(Deficit) or Unexpended Balance</u>
EXPENDITURES			
Salaries and benefits	\$ 1,666,125	\$ 1,501,948	\$ 164,177
Library materials	308,000	296,997	11,003
Operating expenses	181,971	86,536	95,435
Professional fees	20,000	30,319	(10,319)
Supplies and stationary	-	33,598	(33,598)
Program expense	102,500	95,002	7,498
Computer expense	-	59,743	(59,743)
Furniture and equipment	8,000	6,594	1,406
Building maintenance	142,232	96,552	45,680
Utilities	-	55,975	(55,975)
Capital Improvements	<u>79,999</u>	<u>195,037</u>	<u>(115,038)</u>
Total Expenditures	<u><u>\$ 2,508,827</u></u>	<u><u>\$ 2,458,301</u></u>	<u><u>\$ 50,526</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)
Board of Trustees
December 31, 2022**

President	Sharon Javier
Vice President	Zoe Cassotis
Treasurer	Richard Lee
Secretary	Jennifer Park
Trustee	Angela Clarkin
Trustee	Meera Subramanya
Trustee	Peter Wendrychowicz
Mayor	James Wysocki
Mayor's Alternate/ Town Council Liaison	Robert Ferguson
Superintendent of Schools	Dr. Michael DeTuro
Director	George Kurt Haderler
Administrative Assistant	Darlene Luke

**Mahwah Public Library
County of Bergen, State of New Jersey
(A Component Unit of the Township of Mahwah)
General Comments
December 31, 2022**

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, 2021, the bid threshold was increased to \$44,000 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 or administrator; 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, 2022**

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 2022 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, 2022**

Current Year Comments and Recommendations

Comment 2022-01: Examination of cash receipts revealed that not all monies were deposited within 48 hours.

Recommendation: That internal controls be monitored over cash receipts to be deposited within 48 hours as required by N.J.S.A. 40A:5-15.

Comment 2022-02: Our examination of vendors revealed that 4 vendors did not have an IRS form W-9 available for inspection. It was also noted that not all required vendors received a form 1099-NEC in accordance with IRS regulations.

Recommendation: All vendors must have the required IRS form W-9 and NJ Business Registration Certificate on file for inspection. IRS form 1099-NEC must be transmitted to all vendors that are paid in excess of \$600 and are not exempt.

Status of Prior Years Comments and Recommendations

None.