

MOUNT LAUREL LIBRARY
REPORT OF AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2022



MOUNT LAUREL LIBRARYExhibit No.Page No.**PART I – REPORT OF AUDIT OF THE FINANCIAL STATEMENTS**

Independent Auditor's Report	1
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	4

FINANCIAL STATEMENTS

A-1	All Fund Types and Account Group--Combining Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis	7
A-2	Governmental Funds--Combining Statement of Operations and Changes in Fund Balance--Regulatory Basis	8
A-3	General and State Aid Funds--Statements of Operations and Changes in Fund Balance--Regulatory Basis--Budget and Actual	9
A-4	General Fixed Asset Account Group --Statement of General Fixed Asset Group of Accounts--Regulatory Basis	10
	Notes to Financial Statements	11

GENERAL FUND DETAIL STATEMENTS

B-1	Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis	31
B-2	Statement of Revenues, Expenditures and Changes in Fund Balance--Regulatory Basis--Budget and Actual	32

STATE AID FUND DETAIL STATEMENTS

C-2	Statement of Revenues and Expenditures--Regulatory Basis--Budget and Actual	35
-----	---	----

CAPITAL RESERVE DETAIL STATEMENTS

D-1	Statement of Capital Reserve	37
-----	------------------------------	----

PART II – SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Schedule of Findings and Recommendations	39
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	40

OFFICIALS IN OFFICE AND SURETY BONDS	41
--------------------------------------	----

APPRECIATION	42
--------------	----

INDEPENDENT AUDITOR'S REPORT

Library Director and
Members of the Board of Trustees
The Mount Laurel Library
Mount Laurel, New Jersey 08054

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combining statement of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Mount Laurel Library, a component unit of the Township of Mount Laurel, County of Burlington, State of New Jersey, as of December 31, 2022, and the related combining statement of operations and changes in fund balance - regulatory basis and the related statements of operations and changes in fund balance - regulatory basis – budget and actual for the year then ended and the statement of general fixed assets group of accounts – regulatory basis as of December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the the Mount Laurel Library, a component unit of the Township of Mount Laurel, County of Burlington, State of New Jersey, as of December 31, 2022, and the results of its operations and changes in fund balance - regulatory basis of such funds and the related statements of operations and changes in fund balance – regulatory basis – budget and actual for the year then ended, and general fixed asset group of accounts - regulatory basis, as of December 31, 2022, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Mount Laurel Library, a component unit of the Township of Mount Laurel, County of Burlington, State of New Jersey, as of December 31, 2022 or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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. 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 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 Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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 is 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 and *Government Auditing Standards* 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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.

Supplementary Information

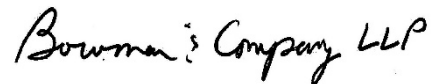
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

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 accompanying supplemental statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2023 on our consideration of the Mount Laurel 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 solely 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 of the Mount Laurel Library's 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 Mount Laurel Library's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 22, 2023

**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

Library Director and
Members of the Board of Trustees
The Mount Laurel Library
Mount Laurel, New Jersey 08054

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Mount Laurel Library, a component unit of the Township of Mount Laurel, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated August 22, 2023. That report indicated that the Mount Laurel Library's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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) 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 the 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 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 or significant deficiencies may exist that were not identified.

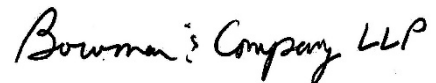
Report on Compliance and Other Matters

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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 22, 2023

FINANCIAL STATEMENTS

MOUNT LAUREL LIBRARY
ALL FUND TYPES AND ACCOUNT GROUP
Combining Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2022

	Governmental Funds			Total Governmental Funds	Fixed Asset Account Group	Total
<u>ASSETS</u>	<u>General Fund</u>	<u>State Aid Fund</u>	<u>Capital Reserve</u>			
Cash	\$ 1,738,954.79		\$ 452,894.42	\$ 2,191,849.21		\$ 2,191,849.21
Change Fund	200.00			200.00		200.00
	1,739,154.79	-	452,894.42	2,192,049.21	-	2,192,049.21
Fixed Assets					\$ 283,572.52	283,572.52
	<u>\$ 1,739,154.79</u>	<u>\$ -</u>	<u>\$ 452,894.42</u>	<u>\$ 2,192,049.21</u>	<u>\$ 283,572.52</u>	<u>\$ 2,475,621.73</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>						
Liabilities:						
Reserve for Encumbrances	\$ 42,645.02		\$ 49,143.45	\$ 91,788.47		\$ 91,788.47
Payroll Deductions Payable	5,668.50			5,668.50		5,668.50
Total Liabilities	48,313.52	-	49,143.45	97,456.97	-	97,456.97
Investment in Fixed Assets	-	-	-	-	\$ 283,572.52	283,572.52
Fund Balance:						
Reserved for:						
Capital Projects			403,750.97	403,750.97		403,750.97
Unreserved	1,690,841.27			1,690,841.27		1,690,841.27
Total Fund Balance	1,690,841.27	-	403,750.97	2,094,592.24	-	2,094,592.24
	<u>\$ 1,739,154.79</u>	<u>\$ -</u>	<u>\$ 452,894.42</u>	<u>\$ 2,192,049.21</u>	<u>\$ 283,572.52</u>	<u>\$ 2,475,621.73</u>

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

MOUNT LAUREL LIBRARY
GOVERNMENTAL FUNDS
Combining Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>State Aid Fund</u>	<u>Capital Reserve</u>	<u>Total</u>
Budget Revenues	\$ 2,351,368.69	\$ 22,983.00		\$ 2,374,351.69
Budget Expenditures:				
Salaries and Benefits	1,288,348.69			1,288,348.69
Library Materials	389,414.76	22,983.00		412,397.76
Building Operation	145,925.85			145,925.85
General Operation	233,202.29			233,202.29
Programs	45,819.62			45,819.62
Capital Reserve			\$ 184,853.82	184,853.82
Total Budget Expenditures	2,102,711.21	22,983.00	184,853.82	2,310,548.03
Excess (Deficiency) of Budget Revenues Over (Under) Budget Expenditures	248,657.48	-	(184,853.82)	63,803.66
Other Credits and Transfers:				
Budgeted Transfer to Capital Reserve	(119,983.00)		119,983.00	
Additional Charges to Prior Year	(3,810.15)			(3,810.15)
Total Other Credits and Transfers	(123,793.15)	-	119,983.00	(3,810.15)
Excess (Deficiency) of Revenues Over (Under) Expenditures	124,864.33	-	(64,870.82)	59,993.51
Fund Balance, Beginning	1,565,976.94		468,621.79	2,034,598.73
Fund Balance, Ending	\$ 1,690,841.27	\$ -	\$ 403,750.97	\$ 2,094,592.24

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

MOUNT LAUREL LIBRARY
GENERAL AND STATE AID FUNDS
 Statements of Operations and Changes in Fund Balance
 Regulatory Basis - Budget and Actual
 For the Year Ended December 31, 2022

	General Fund			State Aid Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Budget Revenues	\$ 2,328,229.00	\$ 2,351,368.69	\$ 23,139.69	\$ 22,000.00	\$ 22,983.00	\$ 983.00
Budget Expenditures:						
Salaries and Benefits	1,315,500.00	1,288,348.69	27,151.31			
Library Materials	401,000.00	389,414.76	11,585.24	22,000.00	22,983.00	(983.00)
Building Operation	187,000.00	145,925.85	41,074.15			
General Operation	255,746.00	233,202.29	22,543.71			
Programs	49,000.00	45,819.62	3,180.38			
Total Budget Expenditures	2,208,246.00	2,102,711.21	105,534.79	22,000.00	22,983.00	(983.00)
Excess (Deficiency) of Budget Revenues Under Budget Expenditures	119,983.00	248,657.48	128,674.48	-	-	-
Other Credits and Transfers:						
Budgeted Transfer to Capital Reserve	(119,983.00)	(119,983.00)				
Additional Charges to the Prior Year		(3,810.15)	(3,810.15)			
Total Other Credits and Transfers	(119,983.00)	(123,793.15)	(3,810.15)	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	124,864.33	\$ 124,864.33	\$ -	-	\$ -
Fund Balance, Beginning		1,565,976.94				
Fund Balance, Ending		\$ 1,690,841.27			\$ -	

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

MOUNT LAUREL LIBRARY
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2022

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
General Fixed Assets:			
Furniture	\$ 12,198.00		\$ 12,198.00
Equipment	<u>242,594.81</u>	<u>\$ 28,779.71</u>	<u>271,374.52</u>
	<u>\$ 254,792.81</u>	<u>\$ 28,779.71</u>	<u>\$ 283,572.52</u>
Investment in General Fixed Assets	<u>\$ 254,792.81</u>	<u>\$ 28,779.71</u>	<u>\$ 283,572.52</u>

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

MOUNT LAUREL LIBRARY
Notes to Financial Statements
For the Year Ended December 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Mount Laurel Library (the "Library") of the Township of Mount Laurel is governed by a nine member Board of Trustees, including a representative from Township Council of the Township of Mount Laurel and a representative from the Board of Education of the Mount Laurel Township School District ("the Superintendent of Schools or designee"). All Board members with the exception of the Township and the Superintendent of Schools representatives, are appointed to a five year term by the Township Council. Annually, the Board elects four of its own members to serve as President, Vice President, Secretary and Treasurer. The daily activities of the Library are overseen by the Library Director who is approved by the Board of Trustees. In 1994 the Library applied for and received tax exempt status as a 501 (c) (3) organization as Mount Laurel Library Association, Inc.

Component Units - The financial statements of the Library, a component unit of the Township of Mount Laurel, are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended, had been complied with, the financial statements of the Library would have been either blended or discretely presented with the financial statements of the Township, the primary government. The Library had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Library contain all funds and account groups in accordance with the *Requirements of Audit* ("Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Library accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

General Fund - The General Fund accounts for resources and expenditures for library operations of a general nature.

Capital Reserve Fund - The Capital Reserve Fund accounts for all approved capital improvements undertaken by the Library.

State Aid Fund - The State Aid Fund accounts for grant awards and related expenditures for grant funds received from the State of New Jersey and other governmental agencies.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by the Library.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting - While there is no statutory requirement to do so, the Library adopts an annual budget prior to the start of each year in accordance with sound financial management practices. Whenever necessary, the Library may amend the budget by resolution.

Amounts reported under "final budget" in Exhibit A-3, and in the detail statements, include modifications to the adopted budget that were made during the year. Budgets are adopted on the same basis of accounting utilized for the preparation of the Library's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Library requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities and libraries, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Library has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets (Cont'd) - Expenditures for construction in progress are recorded in the capital reserve fund until such time as the construction is completed and put into operation. The Library is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Library's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Assets owned by the Township are not accounted for by the Library unless improvements are made by the Library.

Fund Balance - Fund balance included in the general fund represents amounts available for anticipation as revenue in future years' budgets. The Library reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Library's classifications, and policies for determining such classifications, are as follows:

Reserve for Capital Projects – The reserve for capital projects in the capital reserve fund includes amounts that are constrained by the Library's intent to be used for specific purposes. Intent is expressed by either the Board of Trustees or by the Director, to which the Board of Trustees has delegated the authority to reserve amounts to be used for specific purposes.

Unreserved – Unreserved fund balance included in the General Fund represent amounts available for anticipation as revenue in future year's budgets, with certain restrictions. This classification represents fund balance that has not been assigned to other funds, and that has not been reserved for specific purposes within the general fund.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. The Library records revenue from grants in the period designated by the grantor.

Township Library Taxes - The Library receives an allotment from the Township of Mount Laurel which is mandated by state statute. At a minimum, the Library appropriation is the lesser of one third of a million per dollar of the prior year equalized valuation or 115% of the appropriation expended by the Library in the prior year. However, there is no maximum set by statute. The Library's appropriation is received in monthly installments. The statutory amount provided to the Library is raised by a dedicated line item on the property tax bill.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income. The Library's policy is to cancel remaining appropriations to fund balance at the end of the year.

Compensated Absences and Postemployment 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 postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Inventory - Inventory consisting of books, periodicals and audiovisual materials are recorded as expenditures at the date of the purchase. The following is an estimate prepared by management of the replacement cost of various materials:

Books	\$ 1,989,327.59
Audio, Visual and Electronic Materials	983,750.00
Periodicals	14,265.00
	<u>\$ 2,987,342.59</u>

Impact of Recently Issued Accounting Principles**Recently Issued Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Library's year ending December 31, 2023. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Library, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Library.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits might not be recovered. Although the Library does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, or funds that may pass to the Library relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2022, none of the Library's bank balances of \$2,227,198.12 were uninsured or uncollateralized.

Note 3: FUND BALANCES APPROPRIATED

The following schedule details the amount of general fund balance available at the end of the current year and four previous years and the amount utilized in the subsequent years' budgets:

General Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2022	\$ 1,690,841.27	\$ 84,000.00
2021	1,565,976.94	None
2020	1,395,596.92	None
2019	1,139,364.86	None
2018	903,105.77	None

Note 4: PENSION PLANS

A substantial number of the Library's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Library employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Library, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 4: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 4: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions**

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Library's contractually required contribution rate for the year ended December 31, 2022 was 16.14% of the Library's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2022, the Library's contractually required contribution to the pension plan for the year ended December 31, 2022 is \$114,883.00, and is payable by April 1, 2023. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2021, the Library's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$109,489.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$54,780.78.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Library, under Chapter 133, P.L. 2001, for the year ended December 31, 2022 was .41% of the Library's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 33, P.L. 2001, on-behalf of the Library, to the pension plan for the year ended December 31, 2022 was \$2,893.00, and is payable by April 1, 2023.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Library contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2022, employee contributions totaled \$9,460.34, and the Library's contributions were \$5,160.41. There were no forfeitures during the year.

Note 4: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2022, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Library's proportionate share of the PERS net pension liability was \$1,374,842.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the Library's proportion was 0.0091101139%, which was a decrease of 0.0002390081% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the year ended December 31, 2022, the Library's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date was \$(32,788.00). This (benefit) expense is not recognized by the Library because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2022, the Library's contribution to PERS was \$109,489.00, and was paid on April 1, 2022.

For the year ended December 31, 2022, the State's proportionate share of the PERS pension (benefit) expense, associated with the Library, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2022 measurement date, was \$2,893.00. This on-behalf (benefit) expense is not recognized by the Library because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2022, the Library had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 9,923.00	\$ 8,751.00
Changes of Assumptions	4,260.00	205,868.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	56,903.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	161,904.00	-
Contributions Subsequent to the Measurement Date	57,442.00	-
	<u>\$ 290,432.00</u>	<u>\$ 214,619.00</u>

Note 4: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amounts of \$57,442.00 will be included as a reduction of the net pension liability during the year ending December 31, 2023. These amounts were based on an estimated April 1, 2024 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2022 to the Library's year end of December 31, 2022.

The Library will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
Changes in Proportion		
Year of Pension Plan Deferral:		
June 30, 2016		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

Note 4: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending</u> <u>Dec 31,</u>	
2023	\$ (52,216.00)
2024	(8,388.00)
2025	5,339.00
2026	73,522.00
2027	114.00
	<u>\$ 18,371.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases: ⁽¹⁾	2.75% - 6.55%
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

⁽¹⁾ based on years of service

Note 4: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Note 4: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Library's proportionate share of the net pension liability as of the June 30, 2022 measurement date, calculated using a discount rate of 7.00%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	<u>\$ 1,766,269.00</u>	<u>\$ 1,374,842.00</u>	<u>\$ 1,041,721.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 4: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS pension plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Ten Plan Years)

	Measurement Date Ended June 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net Pension Liability	0.0091101139%	0.0093491220%	0.0087667346%	0.0086354183%	0.0084793362%
Proportionate Share of the Net Pension Liability	\$ 1,374,842.00	\$ 1,107,544.00	\$ 1,429,625.00	\$ 1,555,971.00	\$ 1,669,532.00
Covered Payroll (Plan Measurement Period)	\$ 667,432.00	\$ 683,844.00	\$ 618,968.00	\$ 609,876.00	\$ 578,624.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	205.99%	161.96%	230.97%	255.13%	288.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%
	Measurement Date Ended June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the Net Pension Liability	0.0081360407%	0.0082586507%	0.0085472905%	0.0087925937%	0.0082714037%
Proportionate Share of the Net Pension Liability	\$ 1,893,940.00	\$ 2,445,976.00	\$ 1,918,695.00	\$ 1,646,214.00	\$ 1,580,830.00
Covered Payroll (Plan Measurement Period)	\$ 556,688.00	\$ 733,012.00	\$ 903,848.00	\$ 917,764.00	\$ 931,064.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	340.22%	333.69%	212.28%	179.37%	169.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

Note 4: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Ten Years)***

	Year Ended December 31,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 114,883.00	\$ 109,489.00	\$ 95,904.00	\$ 83,997.00	\$ 84,342.00
Contribution in Relation to the Contractually Required Contribution	<u>(114,883.00)</u>	<u>(109,489.00)</u>	<u>(95,904.00)</u>	<u>(83,997.00)</u>	<u>(84,342.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 711,830.00	\$ 657,134.00	\$ 681,560.00	\$ 636,866.00	\$ 609,739.00
Contributions as a Percentage of Covered Payroll	16.14%	16.66%	14.07%	13.19%	13.83%
	Year Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 75,372.00	\$ 73,369.00	\$ 73,484.00	\$ 72,485.00	\$ 62,323.00
Contribution in Relation to the Contractually Required Contribution	<u>(75,372.00)</u>	<u>(73,369.00)</u>	<u>(73,484.00)</u>	<u>(72,485.00)</u>	<u>(62,323.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 614,097.00	\$ 577,298.00	\$ 691,657.00	\$ 839,915.00	\$ 899,163.00
Contributions as a Percentage of Covered Payroll	12.27%	12.71%	10.62%	8.63%	6.93%

Note 4: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

Changes in Assumptions

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%
2018	5.66%			2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

Note 5: ECONOMIC DEPENDENCY

The Library receives a substantial amount of its support from the Township of Mount Laurel through an appropriation for the Municipal Library Tax Levy as required by state statutes for a municipal library funded by a municipality. A significant reduction in the level of this revenue, if this were to occur, may have an effect on the Library's programs and activities. During the 2022 year, the Township's appropriation of the Library tax equaled approximately 97.31% of the Library's total revenues.

Note 6: COMPENSATED ABSENCES

Full time Library employees are entitled to up to fifteen paid sick leave days each year. Part time Library employees are entitled to pro-rated sick leave based on hours worked. Unused sick leave may be accumulated and carried forward until termination and/or retirement.

Full time Library employees earn from twelve to twenty two vacation days, based on tenure. Part time employees receive vacation leave on a pro-rated basis. Unused vacation days may be accumulated and carried forward up to a maximum of two weeks.

The Library does not compensate employees for unused sick leave benefits upon retirement, however full and part time employees are entitled to unused vacation days. The Library does not record accrued expenses related to compensated absences.

Note 7: CAPITAL RESERVE

The Library maintains a portion of their Reserved Fund Balance for capital improvements. The following schedule details the amount of capital reserve at the end of the current year and four previous years:

<u>Year</u>	<u>Balance</u> <u>December 31,</u>
2022	\$ 403,750.97
2021	468,621.79
2020	493,740.06
2019	403,740.21
2018	293,660.21

The Library's policy is to utilize the balance remaining at the end of the current year in addition to an annual appropriation from the general fund budget to make improvements to the Library.

Note 8: DEFERRED COMPENSATION SALARY ACCOUNT

The Library offers its employees a deferred compensation plan 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 Library or its creditors. Since the Library does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Library's financial statements.

Note 9: 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; and natural disasters. General liability insurance, business auto insurance, worker's compensation and certain public official bonds are provided by commercial insurance purchased by the Township of Mount Laurel with the Burlington County Joint Insurance Fund. Employee health insurance is also provided by and purchased through the Township of Mount Laurel.

Joint Insurance Pool - The Township of Mount Laurel is a member of the Burlington County Municipal Joint Insurance Fund. The Library, as a component unit of the Township of Mount Laurel, is insured through the same Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
General Liability including Police Professional and Employee Benefit Liability
Automobile Liability
Blanket Crime including Public Employee Dishonesty
Property Including Boiler and Machinery
Public Officials and Employment Practices Liability
Volunteer Directors and Officers Liability
Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
Excess General Liability
Non-Owned Aircraft Liability
Excess Auto Liability
Fidelity and Performance (Blanket)
Excess Property including Boiler and Machinery
Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary.

The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations. The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Burlington County Municipal Joint Insurance Fund
P.O. Box 489
Marlton, New Jersey 08053

Note 10: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Library's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Library is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2023.

GENERAL FUND DETAIL STATEMENTS

MOUNT LAUREL LIBRARY

GENERAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

As of December 31, 2022

	<u>2022</u>
<u>ASSETS</u>	
Cash	\$ 1,738,954.79
Change Fund	<u>200.00</u>
	<u>\$ 1,739,154.79</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Liabilities and Reserves:	
Reserve for Encumbrances	\$ 42,645.02
Payroll Deductions Payable	<u>5,668.50</u>
Total Liabilities and Reserves	<u>48,313.52</u>
 Fund Balance:	
Unreserved	<u>1,690,841.27</u>
Total Fund Balance	<u>1,690,841.27</u>
	<u>\$ 1,739,154.79</u>

MOUNT LAUREL LIBRARY
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Regulatory Basis - Budget and Actual
For the Year Ended December 31, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
Budget Revenues:			
Township of Mt. Laurel Municipal Appropriation	\$ 2,310,479.00	\$ 2,310,479.00	
Library Income	11,750.00	23,166.48	\$ 11,416.48
Interest	6,000.00	14,497.38	8,497.38
Miscellaneous	<u> </u>	<u>3,225.83</u>	<u>3,225.83</u>
Total Budget Revenues	<u>2,328,229.00</u>	<u>2,351,368.69</u>	<u>23,139.69</u>
Budget Expenditures:			
Salaries and Benefits:			
Salaries	955,000.00	938,424.81	16,575.19
Payroll Taxes	85,000.00	79,677.51	5,322.49
Employee Benefits	150,000.00	147,713.09	2,286.91
Pension	110,000.00	109,487.20	512.80
Staff Development	8,000.00	5,546.08	2,453.92
Workers Compensation Insurance	<u>7,500.00</u>	<u>7,500.00</u>	
Total Salaries and Benefits	<u>1,315,500.00</u>	<u>1,288,348.69</u>	<u>27,151.31</u>
Library Materials:			
Books and Bindery	116,500.00	114,384.25	2,115.75
Periodical Subscriptions	15,000.00	13,878.97	1,121.03
Audio Visual Materials	225,500.00	221,613.69	3,886.31
Book Processing Supplies	<u>44,000.00</u>	<u>39,537.85</u>	<u>4,462.15</u>
Total Library Materials	<u>401,000.00</u>	<u>389,414.76</u>	<u>11,585.24</u>
Building Operation:			
Equipment and Maintenance	23,500.00	2,881.63	20,618.37
Building Maintenance	40,000.00	30,436.23	9,563.77
Water and Sewer	9,000.00	5,583.89	3,416.11
Gas and Electric	96,500.00	96,121.57	378.43
Housekeeping Supplies	<u>18,000.00</u>	<u>10,902.53</u>	<u>7,097.47</u>
Total Building Operation	<u>187,000.00</u>	<u>145,925.85</u>	<u>41,074.15</u>

(Continued)

MOUNT LAUREL LIBRARY

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Regulatory Basis - Budget and Actual

For the Year Ended December 31, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
General Operation:			
Telecommunications Cost	\$ 23,500.00	\$ 15,316.20	\$ 8,183.80
Computer Expense and Maintenance	99,000.00	96,949.08	2,050.92
Insurance	36,246.00	36,246.00	
Promotional Materials	7,500.00	6,220.75	1,279.25
Professional Fees	46,000.00	43,210.42	2,789.58
Furniture and Equipment	15,000.00	13,027.65	1,972.35
Supplies	23,000.00	18,337.48	4,662.52
Postage	2,000.00	1,700.00	300.00
Miscellaneous	3,500.00	2,194.71	1,305.29
Total General Operation	255,746.00	233,202.29	22,543.71
Programs	49,000.00	45,819.62	3,180.38
Total Budget Expenditures	2,208,246.00	2,102,711.21	105,534.79
Excess (Deficiency) of Budget Revenues Over (Under) Budget Expenditures	119,983.00	248,657.48	128,674.48
Other Credits and Transfers:			
Budgeted Transfer to Capital Reserve	(119,983.00)	(119,983.00)	
Additional Charges to the Prior Year		(3,810.15)	(3,810.15)
Total Other Credits and Transfers	(119,983.00)	(123,793.15)	(3,810.15)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	124,864.33	\$ 124,864.33
Fund Balance, Beginning		1,565,976.94	
Fund Balance, Ending		\$ 1,690,841.27	

STATE AID FUND DETAIL STATEMENTS

MOUNT LAUREL LIBRARY
STATE AID FUND
Statement of Revenues and Expenditures
Regulatory Basis - Budget and Actual
For the Year Ended December 31, 2022

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Budget Revenues:			
Per Capita Aid	\$ 22,000.00	\$ 22,983.00	\$ 983.00
Total Budget Revenues	<u>22,000.00</u>	<u>22,983.00</u>	<u>983.00</u>
Budget Expenditures:			
Library Materials - Books	<u>22,000.00</u>	<u>22,983.00</u>	<u>(983.00)</u>
Total Budget Expenditures	<u>22,000.00</u>	<u>22,983.00</u>	<u>(983.00)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL RESERVE DETAIL STATEMENTS

MOUNT LAUREL LIBRARY
CAPITAL RESERVE FUND
Statement of Capital Reserve
For the Year Ended December 31, 2022

Balance Dec. 31, 2021		\$	468,621.79
Increased by:			
Transfer from General Appropriations			<u>119,983.00</u>
			588,604.79
Decreased by:			
Expenditures:			
Boilers	\$	5,663.71	
Pavilion		15,854.64	
Front Door		2,251.00	
Information Technology		48,297.56	
Railing for Handicap Ramp		14,500.00	
Camera System		<u>98,286.91</u>	
			<u>184,853.82</u>
Balance Dec. 31, 2022		\$	<u><u>403,750.97</u></u>

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

MOUNT LAUREL LIBRARY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2022

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

MOUNT LAUREL LIBRARY
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

Not applicable.

MOUNT LAUREL LIBRARYOfficials in Office

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>
Stephanie Sawyer	President of the Board of Trustees
Fredda Sacharow	Vice President of the Board of Trustees
Walter F. Stridick	Treasurer of the Board of Trustees
Noreen Duffey	Secretary of the Board of Trustees
Susan Fortuna	Superintendent of Schools' Representative
Fozia Janjua	Township Council's Representative
Beth Demaio	Member of the Board of Trustees
McKenna Samson	Member of the Board of Trustees
Denise Gamble	Member of the Board of Trustees
Becky Boydston	Library Director

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Library officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, reading "Robert S. Marrone". The signature is written in a cursive, flowing style.

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

