

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY

COUNTY OF MIDDLESEX, NEW JERSEY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared by:

Gerard Stankiewicz, CPA

of the Firm:

Samuel Klein and Company

Certified Public Accountants

36 West Main Street

Freehold, New Jersey 07728

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
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INDEPENDENT AUDITOR'S REPORT

President and Members of
the Board of Trustees
Township of Cranbury
Free Public Library
County of Middlesex
Cranbury, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Township of Cranbury Free Public Library, County of Middlesex, State of New Jersey (the "Library"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which comprise the Library's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Library as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 10 be presented to supplement the financial statements. Such information, although not a part of the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 information included in the supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The combined comparative statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined comparative statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
March 15, 2017

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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

President and Members of
the Board of Trustees
Township of Cranbury
Free Public Library
County of Middlesex
Cranbury, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements and fund information of Township of Cranbury Free Public Library, County of Middlesex, State of New Jersey (the "Library"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which comprise of the Library's financial statements, and have issued our report thereon dated March 15, 2017.

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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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 (CONTINUED)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free 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* in the General Comments and Recommendations section of the Audit.

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
March 15, 2017

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Township of Cranbury Free Public Library's (Library) annual financial report, the management of the Library provides narrative discussion and analysis of the financial activities of the Library for the audit year ending December 31, 2016.

The Library's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in Annual Audit

The Library prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Comparative Statement of Net Position, the Comparative Statement of Support, Revenues, Expenditures and Change in Net Position, and the Comparative Statement of Cash Flows is prepared on the accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. These statements are the official financial statements of the Township of Cranbury Free Public Library.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplementary Information".

The Library has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all cash disbursements, accounts payable and accrued expenses as charges against the adopted appropriation.

Contained in the supplementary information are statements that report the Comparative Schedule of Operating Revenues and Expenditures Compared to Budget. This statement compares the "Budget" revenues and expenses to "Actual" revenues and expenses. This includes operating revenues and expenses, and depreciation is not reported as an expense in these statements. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is reported.

The Budget to Actual statement is a very important statement to the Library management staff, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the financial statements of the Township of Cranbury Free Public Library, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. This is the first set of statements included in the annual audit report.

Township of Cranbury Free Public Library

Comparative Statement of Net Position

The Township of Cranbury Free Public Library's total assets increased \$36,032.72. Total liabilities increased by \$15,323.58 due to an increase in accounts payable. Assets exceed liabilities by \$822,876.52, compared to 2015 where the assets exceeded liabilities by \$802,167.38.

The Township of Cranbury Free Public Library's Net Position of \$822,876.52 is comprised of the following:

Restricted for:

1. Invested in Capital Assets of \$263,525.61 includes construction-in-progress related to architectural design of a new library.
2. Endowment – Thomas Gambino Memorial Fund of \$4,351.00.
3. Capital Improvements of \$483,729.29.

Unrestricted:

4. Undesignated of \$71,270.62 represents the portion available to maintain the Library's continuing obligations to the residents of the Township and it's future obligations to creditors.

Net Position overall increased by \$20,709.14.

	<u>Fiscal Year Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Unrestricted Assets	\$ 112,109.62	\$ 106,554.63
Restricted Assets	488,080.29	575,121.22
Capital Assets, Net	<u>263,525.61</u>	<u>146,006.95</u>
Total Assets	<u>\$ 863,715.52</u>	<u>\$ 827,682.80</u>
Current Liabilities Payable from Unrestricted Assets	\$ <u>40,839.00</u>	\$ <u>25,515.42</u>
Total Liabilities	<u>\$ 40,839.00</u>	<u>\$ 25,515.42</u>
Unrestricted	\$ 71,270.62	\$ 81,039.21
Restricted	<u>751,605.90</u>	<u>721,128.17</u>
Net Position	<u>\$ 822,876.52</u>	<u>\$ 802,167.38</u>

Comparative Statement of Net Position (Continued)

Total Unrestricted Assets increased mainly due to a higher level of revenues.

Restricted Assets decreased because Cash decreased as a result of capital expenditures.

Current Liabilities Payable from Current Assets increased because accounts payable have increased.

Net Position has increased overall as a result of the revenues exceeding expenses in 2016.

Comparative Statement of Revenues, Expenses and Change in Net Position

Operating Revenues increased \$28,871.31, or 5.83%, compared to the prior year.

Operating Expenses increased \$5,945.06, or 1.19% compared to the prior year.

Operating Revenues less Total Operating Expenses produced a gain of \$20,709.14.

Nonoperating Revenue increased by \$71.69.

Net Position as of December 31, 2016 increased \$20,709.14 from \$802,167.38 to \$822,876.52.

	<u>Fiscal Year Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Operating Revenues	\$ <u>524,161.71</u>	\$ <u>495,290.40</u>
Operating Expenses	\$ <u>504,629.16</u>	\$ <u>498,684.10</u>
Operating Gain/(Loss)	\$ 19,532.55	\$ (3,393.70)
Nonoperating Revenues	<u>1,176.59</u>	<u>1,104.90</u>
Change in Net Position Increase	\$ 20,709.14	\$ (2,288.80)
Net Position, Beginning	<u>802,167.38</u>	<u>804,456.18</u>
Net Position, Ending	\$ <u><u>822,876.52</u></u>	\$ <u><u>802,167.38</u></u>

Statement of Cash Flows

Net change in Cash and Cash Equivalents is as follows:

Unrestricted Fund – Decreased by \$9,768.59, which relates primarily to revenues in excess of expenditures.

Restricted Fund – Increased \$30,477.73, which relates primarily to revenues in excess of expenditures of the Capital Improvement Fund mostly by preliminary architectural cost.

Governing Body

The Board shall consist of nine (9) members: seven (7) appointed by the Mayor of Cranbury of Township for five (5) year terms, the Mayor (and his/her designee for a one (1) year term, the Cranbury School Chief School Administrator for one (1) year term or his/her designee. In addition, there shall be two (2) alternates, also appointed by the Mayor for a two (2) year term and at the time of appointment, designated as Alternate 1 and Alternate 2. An alternate member may participate in discussions of the proceedings but may not vote except in the absence or disqualification of a regular member. A vote shall not be delayed in order that a regular member may vote instead of an alternate member. In the event a choice must be made as to which Alternate member is to vote, Alternate 1 shall vote first.

The Library Board Members for 2016 are:

Kirstie Venanzi, President
David Fletcher, Secretary/Treasurer
Robin Black, Member
Richard Burke, Member
Andre Mento, Member
Ira Negin, Member

Lorraine Sedor, Member
Nancy Withcraft, Alternate
Laurel Quinn, School Administration
Representative
David Cook, Mayor's Representative

Mission Statement

Mission:

"The Cranbury Public Library serves the informational, educational, cultural, and recreational needs of all members of the Cranbury community by providing access to professional staff, up-to-date technology, and quality material, programs and services."

Values:

The Board of Trustees believes that a free public library is essential to the public good of Cranbury.

We believe that all Cranbury Public Library users are entitled to the highest level of library service.

We believe that all library users have the right to privacy, confidentiality, and intellectual freedom.

Accountability

- The square footage of the Public Library is 5,200 sq ft.
- The collection size (titles) and circulation as reported on the annual State Aid reports is as follows:

	<u>2016</u>	<u>2015</u>
Collection Size:		
Print Titles	31,283	30,929
Spoken Audio	1,155	1,060
Music Audio	857	792
Videos	1,568	1,510
ebooks	191	173
Annual Circulation	39,931	43,230

- The Library is a member of LMx and shares services and resources through MURAL, an open borrowing agreement.
- The Library is also a member of LibraryLinkNJ. The NJ Library Cooperative, who manages the stateside ILL delivery service, as well as providing training and grant opportunities.

Funding of Infrastructure and Debt Management

The Library is currently debt free.

Auditors

The Library Auditor is Gerard Stankiewicz, CPA of Samuel Klein and Company. Audits can be obtained by contacting the Township of Cranbury Free Public Library.

FINANCIAL STATEMENTS

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE STATEMENT OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 112,109.62	\$ 106,554.63
Restricted Assets:		
Cash and Cash Equivalents	<u>488,080.29</u>	<u>575,121.22</u>
Total Current Assets	<u>\$ 600,189.91</u>	<u>\$ 681,675.85</u>
Noncurrent Assets:		
Capital Assets, Net	<u>\$ 263,525.61</u>	<u>\$ 146,006.95</u>
Total Noncurrent Assets	<u>\$ 263,525.61</u>	<u>146,006.95</u>
Total Assets	<u><u>\$ 863,715.52</u></u>	<u><u>\$ 827,682.80</u></u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 28,642.51	\$ 14,618.00
Accrued Liabilities	<u>12,196.49</u>	<u>10,897.42</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>\$ 40,839.00</u>	<u>\$ 25,515.42</u>
Total Liabilities	<u><u>\$ 40,839.00</u></u>	<u><u>\$ 25,515.42</u></u>
<u>NET POSITION</u>		
Restricted for:		
Net Investment in Capital Assets	\$ 263,525.61	\$ 146,006.95
Capital Improvements	483,729.29	570,770.22
Endowment Fund	4,351.00	4,351.00
Unrestricted	<u>71,270.62</u>	<u>81,039.21</u>
Net Position	<u><u>\$ 822,876.52</u></u>	<u><u>\$ 802,167.38</u></u>

See Notes to Financial Statements.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE STATEMENT OF SUPPORT, REVENUES,
EXPENDITURES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Support and Revenue:		
Support:		
State Library Aid	\$ 1,678.00	\$ 1,687.00
Municipal Library Tax Levy	514,388.44	483,300.00
Other - Gifts and Bequests	<u>408.81</u>	<u>394.92</u>
Total Support	\$ <u>516,475.25</u>	\$ <u>485,381.92</u>
Revenue:		
Budgeted Revenue	\$ <u>7,686.46</u>	\$ <u>9,908.48</u>
Total Revenues	<u>7,686.46</u>	<u>9,908.48</u>
Total Support and Revenues	\$ <u>524,161.71</u>	\$ <u>495,290.40</u>
Expenses:		
Expenditures	\$ <u>504,629.16</u>	\$ <u>498,684.10</u>
Total Expenses	\$ <u>504,629.16</u>	\$ <u>498,684.10</u>
Excess/(Deficit) of Support and Revenue Over Expenses	\$ 19,532.55	\$ (3,393.70)
Nonoperating Revenue/(Expense)	<u>1,176.59</u>	<u>1,104.90</u>
Excess/(Deficit) of Revenue over Expenses	\$ 20,709.14	\$ (2,288.80)
Net Position, Beginning of Year	<u>802,167.38</u>	<u>804,456.18</u>
Net Position, End of Year	\$ <u><u>822,876.52</u></u>	\$ <u><u>802,167.38</u></u>

See Notes to Financial Statements.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Position	\$ 20,709.14	\$ (2,288.80)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Increase/(Decrease) in Liabilities:		
Unrestricted	\$ <u>15,323.58</u>	\$ <u>4,369.10</u>
Net Cash Provided by/(Used in) Operating Activities	\$ <u>15,323.58</u>	\$ <u>4,369.10</u>
Net Cash Provided by Financing Activities:		
Acquisition of Capital Assets	\$ <u>(117,518.66)</u>	\$ <u>(121,487.95)</u>
Net Cash Provided by/(Used in) Financing Activities	\$ <u>(117,518.66)</u>	\$ <u>(121,487.95)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (81,485.94)	\$ (119,407.65)
Cash and Cash Equivalents at Beginning of Year	<u>681,675.85</u>	<u>801,083.50</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>600,189.91</u></u>	\$ <u><u>681,675.85</u></u>
Reconciliation to Statement of Net Position:		
Unrestricted Cash and Cash Equivalents	\$ 112,109.62	\$ 106,554.63
Restricted Cash and Cash Equivalents	<u>488,080.29</u>	<u>575,121.22</u>
	\$ <u><u>600,189.91</u></u>	\$ <u><u>681,675.85</u></u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. **REPORTING ENTITY**

The Township of Cranbury Free Public Library (the "Library") was chartered to provide services to the residents of the Township of Cranbury. The Library derives its primary operating revenue through a property tax levy and is charged through an appropriation from the Township of Cranbury's municipal budget.

In addition, the Board of Trustees consists of seven (7) appointed officials and two (2) ex-officio who are responsible for the fiscal control of the Library. A Library Director is appointed by the Board and is responsible for administrative control of the Library.

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Township of Cranbury Free Public Library is presented to assist in understanding the Library's financial statements. The financial statements and notes are representations of the Library's management, who is responsible for their integrity and objectivity.

A. **Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

B. **Accounting**

In order to insure observance of limitations and restrictions placed on the use of the resources available to the Library, the accounts are maintained in accordance with the principles of governmental entities. This is the procedure by which various resources are classified for accounting and reporting purposes into accounts associated with specific activities or objectives. Each account is a separate accounting entity with a self-balancing set of accounts for recording assets, liabilities, net position and change in net position. In preparing the financial statements, accounts with similar characteristics have been grouped together. The basic funds utilized by the Library are as follows:

Unrestricted - This account represents resources obtained from municipal appropriations, contributions, gifts, dues, fees and fines and income from investments that can be used currently for the general purposes of the Library and which the Board of Trustees has discretionary control.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Accounting (Continued)

Restricted – Capital Improvement Account - The Improvement Account represents Library Board designated funds pledged to the future expansion of library facilities and the upgrading of equipment necessary to store, process or otherwise maintain an efficient library facility.

Restricted - Endowment Account - This account is used to account for the principal amounts of gifts and bequests where the use of the principal and income is governed by the terms of an endowment.

Capital Assets – Machinery, furniture, equipment and other capital assets are not carried on the general records nor on the balance sheet. Expenditures for such purposes are charged against budget appropriations, fund balances or municipal improvement ordinances which may be authorized by the Township of Cranbury for the Library.

C. Township of Cranbury in-Kind Services

No amounts have been certified for various financial and administrative services performed by the Township on behalf of the Library.

D. Subsequent Events

Management has reviewed and evaluated all events and transactions from December 31, 2015 through March 15, 2017, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Library that would require disclosure.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. **CASH AND CASH EQUIVALENTS**

A. **Deposits**

Deposits are stated at cost and are comprised of the following as of December 31, 2016:

	<u>Total</u>
Change Fund and Petty Cash	\$ 175.12
Checking	37,586.00
Savings	487,877.12
Cash Management Fund	<u>74,551.67</u>
	<u>\$ 600,189.91</u>
 Total Unrestricted:	 \$ 112,109.62
Total Restricted:	<u>488,080.29</u>
	<u>\$ 600,189.91</u>

All amounts were allowable under New Jersey Statutes and are deemed cash and cash equivalents. The amount of the Library's Cash and Cash Equivalents on deposit as of December 31, 2016 was \$600,189.91.

B. **Risk Category**

All of the accounts were covered by either FDIC or GUDPA insurance. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There was no securities categorized as Investments as defined by GASB Statement No. 40.

Note 4. **TOWNSHIP OF CRANBURY MUNICIPAL LIBRARY LEVY**

N.J.S.A. 40A:54-8 requires that the governing body of every municipality governed by this statute shall annually levy a tax and appropriate a sum equal to one-third of a million on every dollar of assessable property within such municipality based on the equalized valuation of such property as certified by the Director of the Division of Taxation in the Department of the Treasury for the proper maintenance of a free public library. As part of the 2016 Municipal Library Tax Levy, the Township of Cranbury appropriated \$514,388.44 for "Maintenance of Free Public Library". This amount met the required funding under the provisions of N.J.S.A. 40A:54-8, as limited by N.J.S.A. 40A:54-8.1. Such additional sum, as in the judgment of the municipal governing body or appropriate board of the municipality, is necessary for the proper maintenance of a free public library, may be appropriated in the municipal budget from the general purposes municipal tax levy.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4. TOWNSHIP OF CRANBURY MUNICIPAL LIBRARY LEVY (CONTINUED)

The Library funds are generated by a separate library tax that is levied on the properties and disbursed by the municipality through the municipal budget process.

Three (3) Year Trend of Funding and Tax Rate

		<u>Equalized</u> <u>Valuation</u>	<u>Minimum</u> <u>Appropriation</u>	<u>Library Tax</u> <u>Assessed</u> <u>Valuation</u> <u>per \$100</u>
2016	\$	1,517,984,570	\$ 514,388	0.033
2015		1,498,794,745	483,300	0.031
2014		1,569,437,373	522,192	0.034

Note 5. CAPITAL ASSETS, NET

Uses of operating accounts for plant acquisitions are accounted for as transfers to capital asset accounts. The carrying value of preliminary architectural costs at December 31, 2016 and 2015 were as follows:

	<u>December 31,</u> <u>2015</u>	<u>Increased</u> <u>by</u>	<u>December 31,</u> <u>2016</u>
Construction-in-Progress (Architectural Fees)	\$ 146,006.95	\$ 117,518.66	\$ 263,525.61
Less: Accumulated Depreciation	<u>None</u>	<u>None</u>	<u>None</u>
	<u>\$ 146,006.95</u>	<u>\$ 117,518.66</u>	<u>\$ 263,525.61</u>

Due to the fact that the asset is not in place, no depreciation has been taken on architectural design fees.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6. FACILITIES

The facilities from which the Library operates, land and buildings, are recorded in the name of the Township of Cranbury Board of Education, in accordance with N.J.S.A. 40:54-24. Effective January 1, 2009, the Library entered into a lease agreement with the Board of Education for the use of the premises. Future rent will be based upon a percentage of the Board of Education's actual facility costs, calculated annually. The Library paid \$49,800.00 to the Board of Education in 2016.

Note 7. NET POSITION

a. Unrestricted - The total balance for Unrestricted Account at December 31, 2016 is \$71,270.62.

b. Restricted - Restricted Accounts are detailed as follows:

Capital Improvements	\$ 263,525.61
Invested in Capital Assets	483,729.79
Endowment -	
Thomas Gambino Memorial Fund	<u>4,351.00</u>
	<u>\$ 751,606.40</u>

These funds are specifically restricted for their use.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. PENSION PLANS

Plan Description

Substantially all of the Library's employees participate in the contributory defined benefit public employee retirement system which has been established by State statute, the Public Employees' Retirement System (PERS). This system is sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System (PERS) is considered a cost sharing multiple-employer plan. The PERS issues a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations.

Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2014.pdf.

Funding Policy

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. Members are eligible for retirement at age sixty with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Pension benefits for members enrolled in the system after May 21, 2010 would be based on 1/60th of the average annual compensation for the last five (5) years of service or any five fiscal years of membership that provide the largest benefit to the member of the member's beneficiary. Early retirement is available to those under age sixty with twenty-five or more years of credited service. Anyone who retires early and is under age fifty-five receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age fifty-five).

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 201

Note 8. PENSION PLANS (CONTINUED)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011 made various changes to the manner in which PERS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. PENSION PLANS (CONTINUED)

Contributions Required and Made

Employee contributions for 2016 were 7.06% through July 1, 2016 and 7.20% thereafter of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. Contributions to the plan for the last three years were as follows:

	<u>Library Share</u>	<u>Employees Share</u>
2016	\$ 27,605.00	\$ 16,207.66
2015	25,884.00	15,746.31
2014	31,778.09	19,711.72

Pension Obligation Under GASB #68

The Governmental Accounting Standard Board released GASB #68 related to accounting for pension liabilities. The GASB #68 relates to the Pension Obligation of participating employers and their related shares. A specific calculation was not provided for the Township of Cranbury Library; however, a calculation was made for the Township of Cranbury (municipality). The Township bills the Library for a percentage of the annual pension contribution. The various actuarial assumptions used in the calculation are contained in the *Annual Schedule of Employee Allocation and Pension Amount by Employer*.

The amount of the \$77,903.00 as allocated based on percentages relative to the Township and to the Library is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments 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. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS the employer contribution includes funding for post-retirement medical premiums.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. **PENSION PLANS (CONTINUED)**

Pension Obligation Under GASB #68 (Continued)

Pension liability and expense of the Township allocated to the Library in accordance with GASB #68 for the last three (3) year is as follows:

Library Year Ended December 31,	<i>PERS</i> Measurement Date <i>June 30,</i>	Percent of Township Share	Library	
			Net Pension	Net Expense
2016	2016	14.76%	\$ 920,748	\$ 77,903
2015	2015	13.40%	676,018	41,993
2014	2014	17.91%	721,830	48,541

The net pension liability and expense allocated to the Library is not recorded since the Township is not required to comply with GASB.

Note 9. **DEFINED CONTRIBUTION RETIREMENT PROGRAM**

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. **DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONTINUED)**

Description of System (Continued)

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan were as follows:

<u>Fiscal Year</u>	<u>Employee</u>	<u>Employer</u>
2016	\$ 2,768.74	\$ 1,516.67
2015	2,809.85	1,543.51
2014	N/A	N/A

Note 10. **COMPENSATED ABSENCES**

At present, the Library's personnel guidelines provides for the payment to an employee's accrued personal time off ("PTO") time upon retirement. Payment for these absences is attributable to services performed, accumulates and will probably be paid. The total liability for unused PTO time, based on data on file in the Library office, is \$12,196.49. The Library's financial statements for the year ended December 31, 2016 includes an accrued liability of \$12,196.49.

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 11. **CONTINGENT LIABILITIES**

The Library participates in a state aid program which is governed by various rules and regulations of the grantor agencies; therefore to the extent that the Library has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2016 and December 31, 2015 may be impaired. In the opinion of Library management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

Note 12. **RISK MANAGEMENT**

Insurance for the building that the Library is housed in is provided for under the Township Board of Education's policy and for the contents and other coverages under the Township of Cranbury's policy.

All employees are covered by the Blanket Bond for all Township employees.

Note 13. **OTHER POST EMPLOYMENT BENEFITS**

The Library does not provide post employment benefits for medical and dental coverage for employees who retire and therefore, no liability nor expense has been calculated.

Note 14. **SUCCEEDING YEARS BUDGET**

The Library's 2017 detailed budget reflected \$503,006.00 of appropriations, offset by \$503,006.00 of revenue.

OTHER INFORMATION

COMBINED COMPARATIVE FINANCIAL STATEMENTS

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMBINED COMPARATIVE STATEMENT OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>December 31, 2016</u>			<u>December 31, 2015</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 112,109.62	\$ 488,080.29	\$ 600,189.91	\$ 106,554.63	\$ 575,121.22	\$ 681,675.85
Capital Assets, Net		<u>263,525.61</u>	<u>263,525.61</u>		<u>146,006.95</u>	<u>146,006.95</u>
Total Assets	<u>\$ 112,109.62</u>	<u>\$ 751,605.90</u>	<u>\$ 863,715.52</u>	<u>\$ 106,554.63</u>	<u>\$ 721,128.17</u>	<u>\$ 827,682.80</u>
<u>LIABILITIES</u>						
Liabilities:						
Accounts Payable	\$ 28,642.51		\$ 28,642.51	\$ 14,618.00		\$ 14,618.00
Accrued Liabilities	<u>12,196.49</u>		<u>12,196.49</u>	<u>10,897.42</u>		<u>10,897.42</u>
Total Liabilities	<u>\$ 40,839.00</u>		<u>\$ 40,839.00</u>	<u>\$ 25,515.42</u>		<u>\$ 25,515.42</u>
<u>NET POSITION</u>						
Unrestricted	\$ 71,270.62		\$ 71,270.62	\$ 81,039.21		\$ 81,039.21
Net Investment in Capital Assets		\$ 263,525.61	263,525.61		\$ 146,006.95	146,006.95
Capital Improvement		483,729.29	483,729.29		570,770.22	570,770.22
Endowment Fund		<u>4,351.00</u>	<u>4,351.00</u>		<u>4,351.00</u>	<u>4,351.00</u>
Net Position	<u>\$ 71,270.62</u>	<u>\$ 751,605.90</u>	<u>\$ 822,876.52</u>	<u>\$ 81,039.21</u>	<u>\$ 721,128.17</u>	<u>\$ 802,167.38</u>

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMBINED COMPARATIVE STATEMENT OF SUPPORT, REVENUES,
EXPENDITURES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	December 31, 2016			December 31, 2015		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Support and Revenue:						
Support:						
State Library Aid	\$ 1,678.00		\$ 1,678.00	\$ 1,687.00		\$ 1,687.00
Municipal Library Tax Levy	514,388.44		514,388.44	483,300.00		483,300.00
Other - Gifts and Bequests	408.81		408.81	394.92		394.92
Total Support	516,475.25		516,475.25	485,381.92		485,381.92
Revenue:						
Budgeted Revenue, Fines & Fees	7,686.46		7,686.46	9,908.48		9,908.48
Total Revenue	7,686.46		7,686.46	9,908.48		9,908.48
Total Support and Revenue	\$ 524,161.71		\$ 524,161.71	\$ 495,290.40		\$ 495,290.40
Expenses:						
Budget Appropriations	\$ 504,629.16		\$ 504,629.16	\$ 498,684.10		\$ 498,684.10
Total Expenses	\$ 504,629.16		\$ 504,629.16	\$ 498,684.10		\$ 498,684.10
Excess of Revenue over Expense	\$ 19,532.55		\$ 19,532.55	\$ (3,393.70)		\$ (3,393.70)
Nonoperating Revenue/(Expenses):						
Transfer to/from Restricted Fund	\$ 88,070.00	\$ (88,070.00)		\$ 38,700.91	\$ (38,700.91)	
Reclassification of Prior Year Expenses				46.17	(46.17)	
Interest Income	147.52	1,029.07	\$ 1,176.59	195.46	909.44	\$ 1,104.90
(Capital Expenditures)/Contributed Capital	(117,518.66)	117,518.66		(121,487.95)	121,487.95	
	(29,301.14)	30,477.73	1,176.59	(82,545.41)	83,650.31	1,104.90
Excess/(Deficit) of Support and Revenue Over/(Under) Expenses	\$ (9,768.59)	\$ 30,477.73	\$ 20,709.14	\$ (85,939.11)	\$ 83,650.31	\$ (2,288.80)
Net Position, Beginning of Year	81,039.21	721,128.17	802,167.38	166,978.32	637,477.86	804,456.18
Net Position, End of Year	\$ 71,270.62	\$ 751,605.90	\$ 822,876.52	\$ 81,039.21	\$ 721,128.17	\$ 802,167.38

SUPPLEMENTARY INFORMATION

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE SCHEDULE OF REVENUES - BUDGET AND ACTUAL
UNRESTRICTED FUNDS

	December 31, 2016			December 31, 2015		
	<u>Budget After Modification</u>	<u>Realized Revenues</u>	<u>Excess (Deficit)</u>	<u>Budget After Modification</u>	<u>Realized Revenues</u>	<u>Excess (Deficit)</u>
Support and Revenue:						
Support:						
Municipal Tax Levy	\$ 514,388.00	\$ 514,388.44	\$ 0.44	\$ 483,300.00	\$ 483,300.00	
State Aid	1,687.00	1,678.00	(9.00)	1,676.00	1,687.00	\$ 11.00
Gifts and Bequests	<u>200.00</u>	<u>408.81</u>	<u>208.81</u>	<u>394.92</u>	<u>394.92</u>	<u>394.92</u>
Total Support	<u>\$ 516,275.00</u>	<u>\$ 516,475.25</u>	<u>\$ 200.25</u>	<u>\$ 484,976.00</u>	<u>\$ 485,381.92</u>	<u>\$ 405.92</u>
Revenue:						
Fines and Fees	\$ 7,500.00	\$ 6,137.50	\$ (1,362.50)	\$ 13,000.00	\$ 7,406.88	\$ (5,593.12)
Interest	100.00	147.52	47.52	100.00	195.46	95.46
Other Miscellaneous	<u>202,090.00</u>	<u>90,648.03</u>	<u>(111,441.97)</u>	<u>5,270.00</u>	<u>2,501.60</u>	<u>(2,768.40)</u>
Total Revenue	<u>\$ 209,690.00</u>	<u>\$ 96,933.05</u>	<u>\$ (112,756.95)</u>	<u>\$ 18,370.00</u>	<u>\$ 10,103.94</u>	<u>\$ (8,266.06)</u>
Total Support and Revenue	<u>\$ 725,965.00</u>	<u>\$ 613,408.30</u>	<u>\$ (112,556.70)</u>	<u>\$ 503,346.00</u>	<u>\$ 495,485.86</u>	<u>\$ (7,860.14)</u>

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
UNRESTRICTED AND RESTRICTED ACCOUNTS

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Approved Budget	Budget After Modification	Total Paid or Charged	Unexpended Balance or (Excess Expenditures)	Approved Budget	Budget After Modification	Total Paid or Charged	Unexpended Balance or (Excess Expenditures)
Personnel								
Salaries and Wages	\$ 289,000.00	\$ 289,000.00	\$ 282,756.31	\$ 6,243.69	\$ 279,400.00	\$ 279,400.00	\$ 276,144.30	\$ 3,255.70
Social Security	23,600.00	23,600.00	20,935.12	2,664.88	22,600.00	22,600.00	20,840.29	1,759.71
Group Insurance	45,000.00	45,000.00	47,151.52	(2,151.52)	44,640.00	44,640.00	44,638.53	1.47
PERS	27,653.00	27,653.00	27,605.00	48.00	25,903.00	25,903.00	25,884.00	19.00
DCRP	1,947.00	1,947.00	1,516.67	430.33	1,947.00	1,947.00	1,543.51	403.49
Payroll Services	3,000.00	3,000.00	3,000.00		3,000.00	3,000.00	3,000.00	
	<u>\$ 390,200.00</u>	<u>\$ 390,200.00</u>	<u>\$ 382,964.62</u>	<u>\$ 7,235.38</u>	<u>\$ 377,490.00</u>	<u>\$ 377,490.00</u>	<u>\$ 372,050.63</u>	<u>\$ 5,439.37</u>
Books and Periodicals								
Books	\$ 39,000.00	\$ 39,000.00	\$ 31,582.22	\$ 7,417.78	\$ 38,000.00	\$ 38,000.00	\$ 32,051.71	\$ 5,948.29
Periodicals	3,813.00	3,813.00	3,815.89	(2.89)	3,630.00	3,630.00	3,347.10	282.90
Periodicals - State Funding	1,687.00	1,687.00	1,687.00		1,676.00	1,676.00	1,676.00	
eBooks	150.00	150.00	78.87	71.13	200.00	200.00	45.03	154.97
Library Programs	5,000.00	5,000.00	3,334.93	1,665.07	2,600.00	2,600.00	2,016.17	583.83
Audio Visual:								
Books on Tape and Video	6,500.00	6,500.00	7,228.60	(728.60)	6,500.00	6,500.00	4,643.05	1,856.95
Music and Games	1,500.00	1,500.00	1,218.98	281.02	1,100.00	1,100.00	982.94	117.06
Staff Professional Development								
Training, Travel Expense and Materials	400.00	400.00	133.00	267.00				
Office Supplies and Expense:								
Supplies and Equipment	2,000.00	2,000.00	1,663.10	336.90	2,000.00	2,000.00	1,435.47	564.53
Printing	2,000.00	2,000.00	1,523.63	476.37	2,000.00	2,000.00	1,598.33	401.67
Postage	150.00	150.00	154.77	(4.77)	150.00	150.00	101.14	48.86
Telephone	2,200.00	2,200.00	2,140.86	59.14	2,050.00	2,050.00	2,145.24	(95.24)
Copier Lease	2,200.00	2,200.00	2,160.00	40.00	2,200.00	2,200.00	2,181.20	18.80
Copier Service Contract	1,100.00	1,100.00	852.35	247.65	900.00	900.00	741.58	158.42
Miscellaneous	200.00	200.00		200.00	200.00	200.00	12.88	187.12
Professional Contract	800.00	800.00	584.00	216.00			798.00	(798.00)
Building Operations	500.00	500.00	402.89	97.11	400.00	400.00	391.40	8.60
Rent	49,800.00	49,800.00	49,800.00		49,800.00	49,800.00	49,800.00	
Technology:								
LMX Dues	500.00	500.00	385.70	114.30	500.00	500.00	585.70	(85.70)
LMxAC - Listen NJ	2,000.00	2,000.00	2,072.00	(72.00)	2,000.00	2,000.00	1,955.00	45.00
Online Services	1,200.00	1,200.00	463.00	737.00	565.00	565.00	1,191.00	(626.00)
Computer Repair	500.00	500.00	81.09	418.91	500.00	500.00	133.40	366.60
Electric Database							2,000.00	(2,000.00)
Digitization			313.52	(313.52)				
Service Contracts	2,350.00	2,350.00	2,325.00	25.00	2,289.00	2,289.00	2,325.00	(36.00)
Software	500.00	500.00	192.58	307.42	200.00	200.00	171.18	28.82
Website Hosting	200.00	200.00	171.87	28.13	150.00	150.00	159.87	(9.87)

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
UNRESTRICTED AND RESTRICTED ACCOUNTS

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Approved Budget	Budget After Modification	Total Paid or Charged	Unexpended Balance or (Excess Expenditures)	Approved Budget	Budget After Modification	Total Paid or Charged	Unexpended Balance or (Excess Expenditures)
Board Expenses:								
Audit	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	
Insurance - Bonds	350.00	350.00	325.00	\$ 25.00	330.00	330.00	662.00	\$ (332.00)
Marketing	2,000.00	2,000.00	115.50	1,884.50				
Meeting/Professional Development	1,250.00	1,250.00	967.56	282.44	1,400.00	1,400.00	1,409.02	(9.02)
Membership Dues	325.00	325.00	325.00				462.00	(462.00)
	<u>\$ 134,675.00</u>	<u>\$ 134,675.00</u>	<u>\$ 120,598.91</u>	<u>\$ 14,076.09</u>	<u>\$ 125,840.00</u>	<u>\$ 125,840.00</u>	<u>\$ 119,521.41</u>	<u>\$ 6,318.59</u>
	<u>\$ 524,875.00</u>	<u>\$ 524,875.00</u>	<u>\$ 503,563.53</u>	<u>\$ 21,311.47</u>	<u>\$ 503,330.00</u>	<u>\$ 503,330.00</u>	<u>\$ 491,572.04</u>	<u>\$ 11,757.96</u>
Capital Expenses								
Administrative	\$ 184,500.00	\$ 184,500.00	\$ 117,518.66	\$ 66,981.34	\$ 194,500.02	\$ 194,500.02	\$ 121,487.95	\$ 73,012.07
Furniture and Fixtures	5,000.00	5,000.00		5,000.00	10,000.00	10,000.00	95.97	9,904.03
Computer Equipment	10,000.00	10,000.00	636.95	9,363.05	20,000.00	20,000.00	6,964.10	13,035.90
A/V and other Equipment	1,500.00	1,500.00	428.68	1,071.32	5,000.00	5,000.00	51.99	4,948.01
	<u>\$ 201,000.00</u>	<u>\$ 201,000.00</u>	<u>\$ 118,584.29</u>	<u>\$ 82,415.71</u>	<u>\$ 229,500.02</u>	<u>\$ 229,500.02</u>	<u>\$ 128,600.01</u>	<u>\$ 100,900.01</u>
	<u>\$ 725,875.00</u>	<u>\$ 725,875.00</u>	<u>\$ 622,147.82</u>	<u>\$ 103,727.18</u>	<u>\$ 732,830.02</u>	<u>\$ 732,830.02</u>	<u>\$ 620,172.05</u>	<u>\$ 112,657.97</u>
Analysis of Unexpended Balance:								
Salaries and Wages				\$ 7,235.38				\$ 5,439.37
Other Expenses				14,076.09				6,318.59
Capital Expenses				82,415.71				100,900.01
				<u>\$ 103,727.18</u>				<u>\$ 112,657.97</u>
Analysis of Paid or Charged:								
Disbursed by Township on behalf of Library		\$ 381,665.55				\$ 375,152.04		
Disbursed by Library		<u>210,540.69</u>	\$ 592,206.24			<u>239,699.19</u>	\$ 614,851.23	
Accounts Payable			28,642.51				14,618.00	
Accrued Expenses ()			1,299.07				(3,101.41)	
Less Reimbursement ()							<u>(6,195.77)</u>	
			<u>\$ 622,147.82</u>				<u>\$ 620,172.05</u>	
Proof to Schedule 3:								
Budgeted Expenditures	\$ 725,875.00				\$ 732,830.02			
Budgeted Revenues	<u>725,965.00</u>				<u>503,346.00</u>			
Net Position (Provided)/Utilized	<u>\$ (90.00)</u>				<u>\$ 229,484.02</u>			

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Restricted</u>
<u>Balance, December 31, 2015</u>	\$ 106,554.63	\$ 575,121.22
<u>Increased by Receipts</u>		
Township of Cranbury,		
Appropriation	\$ 132,722.89	
Fines and Video	6,137.50	
Interest	147.52	\$ 1,029.07
Gifts and Bequests	408.81	
State Aid	1,678.00	
Transfer to/from Restricted	88,070.00	
Miscellaneous Revenues	1,548.96	
	<u>230,713.68</u>	<u>1,029.07</u>
	\$ 337,268.31	\$ 576,150.29
<u>Decreased by Disbursements</u>		
Budget Appropriations - 2016	\$ 210,540.69	
Accounts Payable - 2015	14,618.00	
Transfer to/from Unrestricted		\$ 88,070.00
	<u>225,158.69</u>	<u>88,070.00</u>
<u>Balance, December 31, 2016</u>	<u>\$ 112,109.62</u>	<u>\$ 488,080.29</u>
<u>Cash and Cash Equivalents, December 31, 2016</u>		
Cash - On Hand	\$ 175.12	
Cash - Checking	37,382.83	\$ 203.17
NJ Cash Management Fund	74,551.67	
Cash - Savings		<u>487,877.12</u>
	<u>\$ 112,109.62</u>	<u>\$ 488,080.29</u>

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF ACCOUNTS RECEIVABLE
AS OF DECEMBER 31, 2016

		<u>Unrestricted</u>
<u>Increased by</u>		
Municipal Tax Levy		<u>\$ 514,388.44</u>
<u>Decreased by</u>		
Cash Receipts	\$ 132,722.89	
Paid on Behalf:		
Current Year Charges	<u>381,665.55</u>	<u>\$ 514,388.44</u>

TOWNSHIP OF CRANBURY FREE PUBLIC LIBRARY
MIDDLESEX COUNTY, NEW JERSEY
ROSTER OF OFFICIALS AND SURETY BONDS
DECEMBER 31, 2016

BOARD OF TRUSTEES

Kirstie Venanzi	President
David Fletcher	Secretary/Treasurer
Andre Mento	Member
Ira Negin	Member
Lorraine Sedor	Member
Robin Black	Member
Richard Burke	Member
Laurel Quinn	School Admin Representative
David Cook	Mayor's Representative
Nancy Withcraft	Alternate

OTHER OFFICIALS

Marilynn Mullen	Library Director
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Additionally, the Library Treasurer is covered by a Public Officials bond, issued by the Travellers Casualty and Surety Company of America through December 31, 2016, in the amount of \$100,000.00.

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2016

Scope of Examination and Conditions of Records

Our examination covered the funds of the Township of Cranbury Free Public Library.

The financial records were maintained in good condition.

Minutes of Board meetings were properly maintained by the Recording Secretary.

Cash in Banks and Investments

The balances in banks at December 31, 2016 were verified with the bank reconciliations and confirmed with the depositories.

Revenue

The Library collects fines from individuals who are delinquent in returning borrowed books. The computer system at the front desk has the capability to compute the amount of the fine. The revenue from this source is not significant. The Library Board has adopted a policy related to the waiver of delinquent penalties. In addition, when fines are paid, receipts are not issued unless the payer specifically requests one. The cost of issuing each payer a receipt would be prohibitive.

Examination of Claims

The paid bills for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed for the most part, compliance with procedures and requirements has been adhered to.

The Township of Cranbury pays the Library employee salaries, health benefits and pensions on behalf of the Library through the "Maintenance of Free Public Library" appropriation. These expenses are, however, reflected as expended in the records of the Library. The balance of the appropriation is for other expenses that are remitted to the Board for its use in other operating expenses.

Payroll

The Library uses the Township of Cranbury as a service bureau for its payroll operations.

An examination was made of the employees' compensation records for the year 2016 payroll to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Part-time wages were checked and found to be properly authorized.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Contracts and Agreements Required to be Advertised For N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500.00 in the absence of a Qualified Purchasing Agent (QPA)."

The members of the Township of Cranbury Free Public Library have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, a legal opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for any accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

Miscellaneous

An exit conference was held in accordance with auditing standards generally accepted in the United States of America for government entities.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Library and we appreciate the courtesies extended to us.

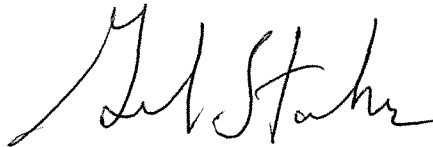
RECOMMENDATIONS
DECEMBER 31, 2016

None.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is fluid and cursive, with the first name "Gerard" written in a larger, more prominent script than the last name "Stankiewicz".

Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For The Firm
SAMUEL KLEIN AND COMPANY