

Report of Audit

on the

Financial Statements
and Supplementary Schedules

of the

Metuchen Public Library

in the

Borough of Metuchen
New Jersey

for the

Years Ended
December 31, 2014 and 2013



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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METUCHEN PUBLIC LIBRARY

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SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Metuchen Public Library
Metuchen, New Jersey 08840

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and the account group of the Metuchen Public Library, as of December 31, 2014 and 2013, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Library's regulatory 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 the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metuchen Public Library's regulatory financial statements. The supplementary information and data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed and data in the table of contents are fairly stated, in all material respects, in relation to the regulatory 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 November 9, 2015 on our consideration of the Metuchen Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Metuchen Public Library's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

November 9, 2015

SUPLEE, CLOONEY & COMPANY

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Metuchen Public Library's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended solely for the information of the Metuchen Public Library, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

November 9, 2015

METUCHEN PUBLIC LIBRARY
BOROUGH OF METUCHEN , NEW JERSEY

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>Revenue and Other Income</u>		
Support:		
State Library Aid	\$ 5,900.00	\$ 5,947.00
Fines and Fees	13,337.41	12,821.36
Interest - Checking Accounts	50.64	653.28
Miscellaneous	11,347.73	576.79
Gifts	1,259.99	1,121.70
Friends Donation	3,125.00	9,500.00
<u>Total Income</u>	<u>\$ 35,020.77</u>	<u>\$ 30,620.13</u>
<u>Expenditures</u>		
Books	\$ 8,346.39	\$ 19,260.41
Supplies	1,220.88	3,009.24
Building	5,945.00	420.13
Utilities	2,236.14	
Programs	7,763.00	10,642.95
Furniture and Fixtures	1,196.10	69.39
Equipment	1,732.48	8,535.78
Professional Fees	1,476.09	1,175.17
Miscellaneous	3,495.76	947.72
<u>Total Expenditures</u>	<u>\$ 33,411.84</u>	<u>\$ 44,060.79</u>
Excess/(Deficit) in Revenue	\$ 1,608.93	\$ (13,440.66)
Fund Balance, January 1	<u>11,745.01</u>	<u>25,185.67</u>
Fund Balance, December 31	<u>\$ 13,353.94</u>	<u>\$ 11,745.01</u>

The Notes to the Financial Statements are an integral part of these statements.

METUCHEN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) Description of Funds (Continued)

A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Library accounts for its financial transactions through the following individual funds and account groups:

Current Fund - resources and expenditures for library operations of a general nature, including federal and state grant funds.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

Miscellaneous Reserves - are used to report resources from restricted donations and funds designated by the Board of Trustees for a specified purpose. See Exhibit A-3 for details of the reserves.

Endowment Accounts (or Endowment Fund) - The Library Board of Trustees Endowment Fund was established to accept donations that must remain in interest-bearing accounts, with only the accrued interest being available for secondary services; secondary services include but are not limited to special programs or projects (e.g. concerts, lectures, and community outreach).

Marjorie Risk Memorial Account - Marjorie Risk Memorial Account is a restricted account, whose interest shall be used to purchase materials for the juvenile and parenting collection. The \$5,000.00 principal portion is restricted from further use.

(3) Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

METUCHEN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) Basis of Accounting (Continued)

Property and equipment acquired by the Current Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current Fund are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

(C) CONTRIBUTED SERVICES AND FACILITIES

The facilities from which the Library operates land and buildings, are recorded in the name of the Borough of Metuchen in accordance with N.J.S.A.40:54-24. The estimated fair rental value for use of these facilities is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such contributed services.

As part of the municipal budget process, the Borough of Metuchen appropriated \$717,923.00 in 2014 and \$717,902.00 in 2013, respectively, for normal operating costs of the Library. During 2014, the Municipality expended \$697,403.04 of the current year appropriations and \$16,706.17 in 2013 appropriation reserves. These expenditures are not reported in the financial statements.

METUCHEN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

(D) CASH AND CASH EQUIVALENTS (CONTINUED)

(2) Investments

The purchase of investments by the Library is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following types of securities:

- (a) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (b) Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (d) Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

METUCHEN PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

(F) CONTINGENCIES

The Library receives a substantial amount of its support from state and local government. A significant reduction in the level of this support, if this would occur, would have an effect on the Library's programs and activities.

State and federal grants require the fulfillment of certain conditions as set forth in the grant agreement or contract. Failure to fulfill the conditions could result in the return of the funds to the grantor; however, the management of the Library deems such a possibility remote.

(G) PENSION PLANS

Library employees, who are eligible for a pension plan, are enrolled in the Public Employees' Retirement System which is administered by the Division of Pensions, Treasury Department of the State of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods.

Certain portions of the costs are contributed by the employees. The Library's share of pension costs, which is based upon the annual billings received from the State, is not available.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

SUPPLEMENTARY SCHEDULES

METUCHEN PUBLIC LIBRARY
BOROUGH OF METUCHEN, NEW JERSEY

CURRENT FUND

SCHEDULE OF MISCELLANEOUS RESERVES

<u>RESERVE NAME</u>	BALANCE DECEMBER 31, 2013	INCREASE	DECREASE	BALANCE DECEMBER 31, 2014
Marjorie Risk Memorial Account	\$ 11,131.45	\$	\$	11,131.45
Endowment Accounts	<u>220,348.13</u>	<u>77,710.36</u>	<u>32,322.82</u>	<u>265,735.67</u>
	<u>\$ 231,479.58</u>	<u>\$ 77,710.36</u>	<u>\$ 32,322.82</u>	<u>\$ 276,867.12</u>

