

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of the
Joint Free Public Library of the Chathams Inc.
Borough of Chatham
Chatham, NJ 07928

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheet – regulatory basis of the Joint Free Public Library of the Chathams Inc. for the years ended December 31, 2023 and 2022 and the related statement of revenues, expenditures and changes in fund balance – regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of the Joint Free Public Library of the Chathams Inc. as of December 31, 2023 and 2022, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 adverse audit opinion.



As described in Note 1 of the financial statements, the financial statements are prepared by the Joint Free Public Library of the Chathams Inc. on the basis of the financial reporting provisions 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 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.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheet as of December 31, 2023 and 2022, and the regulatory basis statements of revenues and expenditures and changes in fund balance for the years then ended in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and 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.

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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 judgement, 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.

Other Matters

Other Information

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



The supplemental information 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 basic financial statements. Such 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 supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 on our consideration of the Joint Free Public Library of the Chathams Inc.'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 Joint Free Public Library of the Chathams Inc.'s internal control over financial reporting and compliance.



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 25, 2024

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AT DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Assets:		
Cash and Cash Equivalents	\$ 1,182,269.64	\$ 3,319,743.52
Investments	2,025,002.19	
Petty Cash	300.00	300.00
Change Fund	200.00	200.00
	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>3,207,771.83</u>	\$ <u>3,320,243.52</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable and Other Liabilities	\$ <u>12,169.10</u>	\$ <u>5,966.98</u>
 Fund Balance:		
Restricted:		
Capital Projects (formerly the <i>Reserve for Depreciation</i>)	2,275,403.09	2,345,730.96
Unemployment Compensation	53,027.50	55,078.06
Unrestricted:		
Designated for:		
Gifts and Endowments	89,768.88	243,645.98
Special Accounts	150,000.00	150,000.00
Staff Coverage Reserve	10,000.00	10,000.00
Computer Equipment Reserve	7,070.00	7,070.00
Staff Health Insurance Reserve	50,000.00	50,000.00
Staff Sick Time Payout	10,000.00	10,000.00
Undesignated	550,333.26	442,751.54
	<hr/>	<hr/>
Total Fund Balance	3,195,602.73	3,314,276.54
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>3,207,771.83</u>	\$ <u>3,320,243.52</u>

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

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenues:		
Municipal Appropriations:		
Borough of Chatham	\$ 1,064,048.06	\$ 1,022,234.54
Township of Chatham	1,272,799.34	1,167,207.03
State Aid	11,243.00	10,399.00
Donations / Gifts	141,627.59	100,712.98
Fines and Fees	3,415.39	5,331.00
Interest	53,718.82	12,567.33
Miscellaneous	2,745.20	2,546.81
	2,549,597.40	2,320,998.69
Expenditures:		
Budget Expenditures:		
Salaries and Benefits	1,646,397.21	1,525,507.65
Operations	212,425.68	229,993.02
Programs & Services	181,411.40	146,151.96
Library Materials	213,812.14	208,697.54
Administration	46,341.66	28,959.00
Non-Budget Expenditures:		
Reserve for Capital Projects	220,549.64	(45,331.86)
Reserve for Unemployment	2,050.56	-
Designated - Gifts and Endowments	145,282.92	77,295.58
Unrestricted - Undesignated	-	(47,581.28)
	2,668,271.21	2,123,691.61
Excess (Deficit) of Revenues Over Expenditures	(118,673.81)	197,307.08
FUND BALANCE - JANUARY 1	3,314,276.54	3,116,969.46
FUND BALANCE - DECEMBER 31,	\$ 3,195,602.73	\$ 3,314,276.54

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

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB Codification establishes seven fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting policies of the Library conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices 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. Under this method of accounting, the Library has accounted for its fund balance using the following categories:

Reserved for Capital Projects - Funds appropriated to Reserve for Capital Projects (formerly the Reserve for Depreciation Fund) are required for furnishings, equipment, and initial collections for new building, building additions or building renovations; periodic major projects, replacement of roof and heating, ventilation and air conditioning systems; and site acquisition, new buildings, and additions to or renovations of library buildings. Amounts included in this fund are established by a 3, 4 or 5 year strategic plan or have been adopted by resolution.

Reserve for Unemployment Compensation - Employee and employer contributions are transferred to this fund for payment of unemployment claims paid by the State Department of Labor and billed to the Library.

Designated for Gifts and Endowments Fund - Funds classified to the Designated for Gifts and Endowments Fund originate from donor-restricted contributions for future construction and the purchase of duplicate copies of books or special book requests. The Library Board of Trustees has directed that interest earned on these deposits accrue as revenue to this fund.

Designated for Special Accounts – Funds classified to the Designated for Special Accounts give to fund Library operations that don't fall under unrestricted - undesignated.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Description of Funds, (continued)

Designated for Computer Equipment Reserve – Funds classified to the Designated for Computer Equipment Reserve are to be used for the purchase of computer equipment.

Designated for Staff Health Insurance Reserve – Funds classified as Designated for Staff Health Insurance are to be used to cover costs relating to staff health insurance.

Designated for Staff Sick Time Payout – Funds classified to Designated for Staff Sick Time Payout are to be used for staff sick time payout upon retirement that employees accrue.

Designated for Staff Coverage Reserve - Funds classified to the Designated for Staff Coverage Reserve are to be used as needed to cover employee time out.

Undesignated - Funds classified as Undesignated are available to fund the Library's governmental operations in a general nature.

Basis of Accounting

A modified accrual basis of accounting is followed, with minor exceptions. Modifications from the accrual basis are as follows:

Revenues are recorded as received or determinable.

Expenditures are recorded as incurred.

Inventories of Supplies - The cost of inventories of supplies is recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the Balance Sheet.

Fixed Assets - Property and equipment purchased by the General Fund are recorded as expenditures at the time of purchase and are not capitalized. In 2023, The Library performed an inventory of fixed assets and established the following General Fixed Assets Account Group to account for library property and equipment purchased either by the Library, the Borough or the Township.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Fixed Assets, (continued)

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
General Fixed Assets Account Group:		
Tools, Machinery, HVAC	\$107,035	\$107,035
Public Safety Equipment	48,195	48,195
Office Equipment	1,029	1,029
Furnishings, Fixtures	423,838	423,838
Computer Equipment	71,939	59,652
Laboratory, Medical	1,799	1,799
Audio/Visual, Communication	<u>14,128</u>	<u>14,128</u>
	<u>\$667,963</u>	<u>\$655,676</u>

Contributed Services - The Library is located on property owned by the Borough of Chatham. At various times during the year, volunteers performed services for the Library without remuneration. The fair value of these costs is not reported in the financial statements.

Investments - Investments are stated at cost. Investments are limited to bonds or obligations of guarantee by the Federal government and bonds or other obligations of Federal or local units.

NOTE 2 - FINANCIAL REPORTING ENTITY

The Joint Free Public Library of the Chathams Inc. was incorporated under R.S. 40:54-1 and operates under a Board of Trustees appointed by the governing bodies of the Borough of Chatham and Township of Chatham. The financial statements of the Joint Free Public Library of the Chathams Inc. include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Joint Free Public Library of the Chathams Inc.

NOTE 3 - CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3 - CASH EQUIVALENTS AND INVESTMENTS, (continued)

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At December 31, 2023 and 2022 the book value of the Library's cash and cash equivalents was \$1,182,269.64 and \$3,319,743.52, and the bank balances were \$1,217,880.34 and \$3,460,925.52, respectively. The insured and collateral status of the year end bank balances were as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Covered by New Jersey Governmental Depository Protection Act	\$967,880.34	\$3,210,925.52
Covered by Federal Depository Insurance	<u>250,000.00</u>	<u>250,000.00</u>
	<u>\$1,217,880.34</u>	<u>\$3,460,925.52</u>

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3 - CASH EQUIVALENTS AND INVESTMENTS, (continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Library's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2022, \$-0- of the Library's bank balance of \$1,217,880.34 was exposed to custodial credit risk.

Interest Rate Risk

The Library has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15(a) limit the length of time for most investments to 365 days.

Credit Risk

New Jersey Statutes 40A:5-15(a) limit municipal investment maturities to those specified in the Statutes. The type of allowance investments are: bonds of the United States of America or the local unit or school districts of which the local unit is part of; obligations of federal agencies not exceeding 397 days; government money market funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer.

B. Investments

New Jersey statutes permit the Library to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 3 - CASH EQUIVALENTS AND INVESTMENTS, (continued)

B. Investments, (continued)

- Any Federal agency or instrumentality obligations authorized by Congress that matures within 397 days from the date of purchase and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of December 31, 2023, the Library had \$2,025,002.19 invested in government money market funds.

NOTE 4 - CAPITAL PROJECTS

On November 17, 2022, the Library adopted an updated strategic plan for 2023-2026 that, among other things, includes planned renovations and improvements over the next three years. At December 31, 2023 and 2022, the Library had a reserve for capital projects balance of \$2,275,403.09 and \$2,345,730.96, respectively.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 5 - GIFTS AND ENDOWMENTS

The Library has designated the funds from gifts and donations received over the years to be used for various non-operating expenditures. The following details the gifts and endowment balances at December 31, 2023 and 2022 and shows the activity applied to each fund during the years.

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Receipts/</u> <u>Transfers in</u>	<u>Disbursements/</u> <u>Transfers out</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Leffingwell Grant Fund	15,000.00			15,000.00
MacGregor Grant Fund	5,000.00			5,000.00
Lundt Grant Fund	4,500.00			4,500.00
Biskeborn Endowment	15,675.00			15,675.00
Ecumenical Endowment	2,250.00			2,250.00
Hensler Endowment	9,650.00			9,650.00
Gifts and Donated Funds	8,933.91	100,712.98	77,295.58	37,693.88
Teen Room Fund	<u>41,349.21</u>		<u>150,221.77</u>	<u>0.00</u>
	<u>\$243,645.98</u>	<u>\$100,712.98</u>	<u>\$77,295.58</u>	<u>\$89,768.88</u>

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Receipts/</u> <u>Transfers in</u>	<u>Disbursements/</u> <u>Transfers out</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Leffingwell Grant Fund	15,000.00			15,000.00
MacGregor Grant Fund	5,000.00			5,000.00
Lundt Grant Fund	4,500.00			4,500.00
Biskeborn Endowment	15,675.00			15,675.00
Ecumenical Endowment	2,250.00			2,250.00
Hensler Endowment	9,650.00			9,650.00
Gifts and Donated Funds	8,933.91	109,710.88	77,295.58	41,349.21
Teen Room Fund	<u>150,221.77</u>			<u>150,221.77</u>
	<u>\$211,230.68</u>	<u>\$109,710.88</u>	<u>\$77,295.58</u>	<u>\$243,645.98</u>

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 6 - UNDESIGNATED FUND BALANCE

Undesignated fund balance represents the remaining funds available to fund the Library's governmental operations in a general nature. The Library of the Chathams Inc. separates undesignated fund balance into two categories - budgetary and special activity. The following schedule details the change in undesignated fund balance during the 2023 fiscal year:

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Receipts/</u> <u>Transfers In</u>	<u>Disbursements/</u> <u>Transfers Out</u>	<u>Reclassification</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Municipal Appropriations	\$63,484.44	\$2,336,847.40	\$2,300,388.09	\$169,176.63	\$269,120.38
State Aid	89,678.00	11,243.00			100,921.00
Fines and Fees:					-
Fines/Recoveries	114,322.53	3,415.39		(110,273.47)	7,464.45
AV Fees	27,495.19			(27,284.19)	211.00
ILL Fees	1,567.48			(1,567.48)	-
Interest	93,037.65	53,718.82			146,756.47
Miscellaneous:					-
Printing and Copying	25,403.66	600.20		(22,972.66)	3,031.20
Room Rentals	7,953.06			(7,778.06)	175.00
Mini-Courses	3,026.26			(3,026.26)	-
Committed Funds	7,703.44			(7,703.44)	-
MUF Materials	6,004.59			3,861.37	9,865.96
Juvenile Programs	197.48			(197.48)	-
Staff	123.43			(123.43)	-
Bid Fee	1,667.70			(1,667.70)	-
Grant Funding	-	2,050.00		9,556.17	11,606.17
Other Miscellaneous	<u>1,086.63</u>	<u>95.00</u>			<u>1,181.63</u>
	<u>\$444,875.54</u>	<u>\$2,407,969.81</u>	<u>\$2,300,388.09</u>	<u>\$</u>	<u>\$550,333.26</u>

NOTE 7 - ACCUMULATED VACATION AND SICK PAY

Under the existing policies of the Library, employees are allowed to accumulate (with certain restrictions) unused sick and vacation pay over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

The Library has designated \$10,000 for unpaid compensation from its fund balance.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 8 - PENSION PLAN

Description of Plan - All required employees of the Library are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Public Employees' Retirement System (PERS) - Established in January 1955, under 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 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Defined Contribution Retirement Program (DCRP) - Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system.

The cost of living increase for PERS is funded directly by the respective system and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 8 - PENSION PLAN, (continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Funding Status and Funding Progress

The funded status and funding progress of the retirement system is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 8 - PENSION PLAN, (continued)

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate or return for the retirement systems and (2) 5.45 percent for projected salary increased for the PERS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% (January to July 2018) and 7.50% (July to present) for PERS and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2022 for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. PERS employer contributions are made annually by the Authority to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 8 - PENSION PLAN, (continued)

Annual Pension Costs (APC), continued

Three Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/23	144,428.00	100%	\$-0-
12/31/22	139,658.23	100	-0-
12/31/21	130,386.56	100	-0-

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2022, the Library had a liability of \$1,576,299 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2023, the Library's proportion was 0.010882756 percent, which was a decrease of 0.0005702575 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2022, the Library recognized pension expense (benefit) of \$(51,965). At December 31, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 8 - PENSION PLAN, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

	<u>2023</u>	<u>2022</u>
<u>Deferred Outflows of Resources:</u>		
Difference between expected and actual experience	\$15,071	\$12,475
Changes of assumptions	3,463	5,355
Net difference between projected and actual earnings on pension plan investments	7,259	71,538
Changes in proportion and differences between Library contributions and proportionate share of contributions	<u>10,013</u>	<u>23,350</u>
Total	<u>\$35,806</u>	<u>\$112,718</u>
<u>Deferred Inflows of Resources:</u>		
Difference between expected and actual experience	6,443	11,001
Changes of assumptions	95,530	258,813
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between Library contributions and proportionate share of contributions	<u>144,694</u>	<u>99,064</u>
Total	<u>\$246,667</u>	<u>\$368,878</u>

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 8 - PENSION PLAN, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>2023</u>	<u>2022</u>
2023	\$ -	\$(148,262)
2024	(83,223)	(75,534)
2025	(46,452)	(36,837)
2026	64,913	80,364
2027	(11,617)	(177)
2028	198	

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,808,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	15,219,184,920
Library's Proportion	0.0114530135%	0.0119706308%

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 8 - PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2023. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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 based on Scale MP-2021.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 8 - PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	14.00%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.50%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 8 - PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 will 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 all 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 the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2023 and 2022, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2023		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Library's proportionate share of the pension liability	\$2,069,306	\$1,576,299	\$1,181,285

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

(continued)

NOTE 8 - PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate, (continued)

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Library's proportionate share of the pension liability	\$2,239,315	\$1,728,417	\$1,320,718

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 9 - CONTINGENT LIABILITIES

Legal Counsel advises us there are no pending lawsuits against the Library which would have a material effect on the financial statements.

NOTE 10 - SUBSEQUENT EVENTS

The Library has evaluated subsequent events through June 25, 2024, the date which the financial statements were available to be issued and no other items were noted for disclosure.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
STATEMENT OF BUDGET REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Memorandum</u>		<u>Realized</u>	<u>Excess or (Unrealized)</u>
	<u>Adopted Budget</u>	<u>Budget After Modification</u>		
Allocation of Reserve	\$ 241,609.71	\$ 241,609.71	\$ 241,609.71	\$ -
Municipal Appropriations:				
Borough of Chatham	1,064,048.07	1,064,048.07	1,064,048.06	(0.01)
Township of Chatham	1,257,680.22	1,257,680.21	1,272,799.34	15,119.13
State Aid	10,000.00	10,000.00	11,243.00	1,243.00
Donations / Gifts			141,627.59	141,627.59
Fines and Fees:				
Book Fines			3,365.39	3,365.39
AV Fees			50.00	50.00
Interest	3,500.00	3,500.00	53,718.82	50,218.82
Miscellaneous:				
Printing and Copying			600.20	600.20
Grant Funding			2,050.00	2,050.00
Miscellaneous			95.00	95.00
	<u>\$ 2,576,838.00</u>	<u>\$ 2,576,837.99</u>	<u>\$ 2,791,207.11</u>	<u>\$ 214,369.12</u>

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
STATEMENT OF BUDGETED EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Memorandum			(Deficit) or Unexpended Balance
	Adopted Budget	Budget After Modification	Realized	
Budgeted Expenditures:				
Salaries and Benefits:				
Salaries and Wages	\$ 1,245,790.00	\$ 1,245,790.00	\$ 1,085,406.64	\$ 160,383.36
Outsourced	58,800.00	58,800.00	61,932.50	(3,132.50)
Longevity	32,000.00	32,000.00	32,000.00	-
Payroll Taxes	103,020.00	103,020.00	86,562.57	16,457.43
Health Benefits	225,500.00	225,500.00	224,807.63	692.37
Pension / DCRP	174,000.00	174,000.00	149,194.52	24,805.48
Other Benefits	7,560.00	7,560.00	6,493.35	1,066.65
Operations:				
Professional Consulting Service	7,500.00	7,500.00	1,500.00	6,000.00
Maintenance	74,100.00	74,100.00	51,848.35	22,251.65
Utilities	64,000.00	64,000.00	63,740.24	259.76
Insurance	54,000.00	54,000.00	51,285.72	2,714.28
Auditor	5,600.00	5,600.00	5,000.00	600.00
Attorney	8,000.00	8,000.00	6,238.50	1,761.50
Professional Services	-	-	3,240.00	(3,240.00)
Automation	45,000.00	45,000.00	27,835.19	17,164.81
Furniture & Equipment	15,000.00	15,000.00	1,737.68	13,262.32
Programs & Services:				
Delivery	3,100.00	3,100.00	1,010.94	2,089.06
Programs & Services	17,800.00	17,800.00	13,417.25	4,382.75
Community Partnerships	800.00	800.00	-	800.00
New Services - Strategic Plan	5,000.00	5,000.00	49,866.21	(44,866.21)
New Services - Development	4,000.00	4,000.00	2,000.00	2,000.00
PR/Outreach	12,000.00	12,000.00	17,250.33	(5,250.33)
Shared Services	41,650.00	41,650.00	34,364.29	7,285.71
MAIN Consortium Assessment	69,000.00	69,000.00	63,502.38	5,497.62
Library Materials:				
Adult/YA Books	72,000.00	72,000.00	68,842.41	3,157.59
Reference Books	11,000.00	11,000.00	9,169.49	1,830.51
Juvenile Books	28,000.00	28,000.00	26,183.35	1,816.65
Adult AV	12,900.00	12,900.00	10,009.85	2,890.15
YA AV	4,000.00	4,000.00	1,639.62	2,360.38
Juvenile AV	5,200.00	5,200.00	3,405.00	1,795.00
E-Books	36,000.00	36,000.00	37,253.05	(1,253.05)
Microfilms	2,450.00	2,450.00	-	2,450.00
Periodicals	19,200.00	19,200.00	13,839.74	5,360.26
Non-print Research	45,000.00	45,000.00	43,469.63	1,530.37
Miscellaneous Materials	4,750.00	4,750.00	-	4,750.00
Administration:				
Supplies	19,080.00	19,080.00	20,060.69	(980.69)
Postage / Printing	16,000.00	16,000.00	11,568.96	4,431.04
Staff Education / Conferences	3,180.00	3,180.00	2,244.75	935.25
Travel	2,650.00	2,650.00	461.07	2,188.93
Payroll Processing Expense	7,208.00	7,208.00	5,245.29	1,962.71
Memberships & Dues	4,000.00	4,000.00	1,895.00	2,105.00
Miscellaneous	1,000.00	1,000.00	621.27	378.73
Fundraising	10,000.00	10,000.00	4,244.63	5,755.37
Non-budgeted Expenditures:				
Paid From Restricted Fund Balance				
Capital Projects, Net Transfers			220,549.64	(220,549.64)
Unemployment, Net			2,050.56	(2,050.56)
Paid From Unrestricted - Designated Fund Balance				
Gifts and Endowments	-	-	145,282.92	(145,282.92)
Total Expenditures	\$ 2,576,838.00	\$ 2,576,838.00	\$ 2,668,271.21	\$ (91,433.21)
(Increase) / Decrease in Accounts Payable and Other Liabilities			(6,202.12)	
Cash Disbursements			\$ 2,662,069.09	

**JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Accounts	Payroll Account	Unemployment Account	Performance Fund Account	Money Market Account	Endowment Account	Fidelity Account	Total	Petty Cash Fund	Change Fund
BALANCE - DECEMBER 31, 2022	\$ 2,281,547.52	\$ 86,793.22	\$ 55,078.05	\$ 2,000.00	\$ 842,077.81	\$ 52,246.92	\$ -	\$ 3,319,743.52	\$ 300.00	\$ 200.00
Increased by:										
Budget Appropriation	2,336,847.40							2,336,847.40		
State Aid	11,243.00							11,243.00		
Donations / Gifts	141,627.59							141,627.59		
Fines and Fees	3,415.39							3,415.39		
Interest	19,244.07	1,223.95	189.15	19.56	7,528.56	511.34	25,002.19	53,718.82		
Miscellaneous	2,745.20							2,745.20		
Transfers	303,815.89	1,575,000.00					2,000,000.00	3,878,815.89		
Total Receipts	2,818,938.54	1,576,223.95	189.15	19.56	7,528.56	511.34	2,025,002.19	6,428,413.29		
Decreased by:										
Disbursements	1,083,274.22	1,578,794.87						2,662,069.09		
Transfers	3,575,000.00	1,223.95	2,239.71	19.56	300,000.00	332.67		3,878,815.89		
Total Disbursements	4,658,274.22	1,580,018.82	2,239.71	19.56	300,000.00	332.67	-	6,540,884.98		
BALANCE - DECEMBER 31, 2023	\$ 442,211.84	\$ 82,998.55	\$ 53,027.49	\$ 2,000.00	\$ 549,606.37	\$ 52,425.59	\$ 2,025,002.19	\$ 3,207,271.83	\$ 300.00	\$ 200.00

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
STATEMENT OF ACCOUNTS PAYABLE AND OTHER LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

BALANCE - DECEMBER 31, 2022	\$	5,966.98
Increased by:		
Current Year Expenditures		2,668,271.21
Decreased by:		
Cash Disbursements		<u>2,662,069.09</u>
BALANCE - DECEMBER 31, 2023	\$	<u>12,169.10</u>

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Restricted		Unrestricted							Total
	Capital Projects	Unemployment Compensation	Gifts and Endowments	Special Accounts	Staff Health Insurance	Staff Sick Time/Payout	Staff Coverage	Computer Equipment	Undesignated	
Increased by:										
Municipal Appropriations:										
Borough of Chatham										
Township of Chatham										
State Aid			141,627.59							
Donations / Gifts										
Fines and Fees										
Interest										
Miscellaneous										
Total Receipts			<u>141,627.59</u>							<u>2,549,597.40</u>
Decreased by:										
Expenditures	220,549.64	2,050.56	145,282.92						2,300,388.09	2,668,271.21
Total Disbursements	<u>220,549.64</u>	<u>2,050.56</u>	<u>145,282.92</u>						<u>2,300,388.09</u>	<u>2,668,271.21</u>
Transfers	150,221.77		(150,221.77)							
Change in Fund Balances	<u>(70,327.87)</u>	<u>(2,050.56)</u>	<u>(153,877.10)</u>						<u>107,581.72</u>	<u>(118,673.81)</u>
BALANCE - JANUARY 1, 2023	<u>2,345,730.96</u>	<u>55,078.06</u>	<u>243,645.98</u>	<u>150,000.00</u>	<u>50,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>7,070.00</u>	<u>442,751.54</u>	<u>3,314,276.54</u>
BALANCE - DECEMBER 31, 2023	<u>\$ 2,275,403.09</u>	<u>\$ 53,027.50</u>	<u>\$ 89,768.88</u>	<u>\$ 150,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 7,070.00</u>	<u>\$ 550,333.26</u>	<u>\$ 3,195,602.73</u>

Schedule F

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

List of Officials for December 31, 2023

<u>Name</u>	<u>Title</u>
Andrew Hollander	President
Kevin Sullivan	Vice President
Susan Allen	Secretary
Barb Montague	Treasurer, resigned 3/23/23
Lynn Magrane	Trustee, Treasurer 5/25/23 through end of year
Christina Mott	Trustee
Thaddeus J. Kobylarz	Borough Mayor
Mark Hamilton	Township Representative
Danielle Dagounis	Superintendent of Schools Alternate
Karen Brodsky	Library Director
Fredric Pocci	Emeritus
Marlee F. Frahn	Emeritus, Served 1981-2007
Alice B. Lundt	Emeritus, Served 1992-2010
Mary T. Benton	Emeritus, Served 1996-2012
Emery Westfall	Emeritus, Served 1995-2010
Peggy Nelson	Emeritus, Served 2013-2019

Employee dishonesty coverage in the amount of \$100,000.00 is provided through Philadelphia Insurance.



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees of the
Joint Free Public Library of the Chathams Inc.
Borough of Chatham
Chatham, NJ 07928

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Joint Free Public Library of the Chathams Inc., as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2024, which was adverse due to being presented in accordance with the regulatory basis of accounting as described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Joint Free Public Library of the Chathams Inc.'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-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Joint Free Public Library of the Chathams Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Joint Free Public Library of the Chathams Inc.'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 and therefore, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Joint Free Public Library of the Chathams Inc.'s financial statements-regulatory basis 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*.

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 Joint Free Public Library of the Chathams Inc.'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 Joint Free Public Library of the Chathams Inc.'s internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 25, 2024



JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

None.

JOINT FREE PUBLIC LIBRARY OF THE CHATHAMS

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on prior year's recommendations and corrective action was taken on all items.

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

We wish to thank the Joint Free Public Library of the Chathams Inc. for their cooperation during the performance of our audit.

Respectfully submitted,



WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey