

TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY
(A Component Unit of the Township of Pequannock)
REPORT OF AUDIT
ON FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

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WIELKOTZ & COMPANY^{LLC}

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Township of Pequannock Free Public Library
Pompton Plains, New Jersey

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 Township of Pequannock Free Public Library for the years ended December 31, 2024 and 2023 and the related statement of operations 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 Township of Pequannock Free Public Library as of December 31, 2024 and 2023, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Township of Pequannock Free Public Library for the year ended December 31, 2023 were audited by other auditors whose report dated July 23, 2024 expressed an unmodified opinion on those statements.

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.



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As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Pequannock Free Public Library 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, 2024 and 2023, and the regulatory basis statements of operations 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 opinion. 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

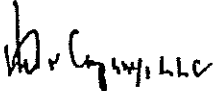
Other Information

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

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

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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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


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

August 26, 2025

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Balance Sheet

December 31, 2024
(with comparative information for December 31, 2023)

Assets	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Regular Fund:			
Cash	Schedule 1	\$ 279,643	124,346
Municipal Appropriation Receivable	Schedule 4	<u>280,064</u>	<u>264,600</u>
Total Regular Fund		<u>559,707</u>	<u>388,946</u>
Building and Endowment Fund			
Cash	Schedule 1	462,485	531,839
Due from Regular Fund	Schedule 5	<u>—</u>	<u>200,000</u>
Total Building and Endowment Fund		<u>462,485</u>	<u>731,839</u>
		<u>\$ 1,022,192</u>	<u>1,120,785</u>
Liabilities and Fund Balances			
Regular Fund:			
Accounts payable	Schedule 2	\$ 21,161	7,072
Reserve for Room Deposits	Schedule 6	400	—
Due to Township	Schedule 3	77,264	72,051
Due to Building and Endowment Fund	Schedule 5	<u>—</u>	<u>200,000</u>
		98,825	279,123
Fund balance	Exhibit 2	<u>460,882</u>	<u>109,823</u>
Total Regular Fund		<u>559,707</u>	<u>388,946</u>
Building and Endowment Fund			
Fund balance			
Restricted	Note 1	10,890	10,890
Unassigned		<u>451,595</u>	<u>720,949</u>
Total Building Fund	Exhibit 2	<u>462,485</u>	<u>731,839</u>
		<u>\$ 1,022,192</u>	<u>1,120,785</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY
(A Component Unit of the Township of Pequannock)

Statement of Operations and Changes in Fund Balance

Year ended December 31, 2024

	2024	
	Regular Fund	Building & Endowment Fund
Revenue and other income realized:		
Township appropriations	\$ 1,120,256	—
State aid	8,403	—
Grant - State of New Jersey	4,830	—
Fines	3,661	—
Contributions	7,741	122
Copier revenue	5,350	—
Interest on savings	11,138	15,681
Miscellaneous	1,815	—
Void prior year checks	508	—
Cancelation of interfund	200,000	—
Total revenue and other income	<u>1,363,702</u>	<u>15,803</u>
Expenditures:		
Salaries and benefits	639,610	—
Library materials	96,299	—
Stationery and supplies	17,043	—
Administration	82,554	—
Exhibits and programs	33,278	—
Building maintenance	28,491	85,157
Furniture and equipment	3,018	—
Telephone	7,537	—
Pension	61,257	—
General insurance	21,774	—
Utilities	21,782	—
Professional Fees	—	—
Cancelation of interfund	—	200,000
Total expenditures	<u>1,012,643</u>	<u>285,157</u>
Excess (Deficit) in revenue over expenditures	351,059	(269,354)
Fund balance, January 1	109,823	731,839
	460,882	462,485
Decreased by excess funds returned to Township	—	—
Fund balance, December 31,	<u>\$ 460,882</u>	<u>462,485</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY
(A Component Unit of the Township of Pequannock)

Statement of Revenues - Regular Fund

Year ended December 31, 2024

Description	2024		
	Budget revenue	Realized	Excess (deficit)
Township budget appropriation	\$ 1,120,256	1,120,256	—
State aid	8,500	8,403	(97)
Book sale	750	4,830	4,080
Fines	2,000	3,661	1,661
Contributions	5,000	7,741	2,741
Copier and printer revenue	1,000	5,350	4,350
Interest on savings	1,500	11,138	9,638
Miscellaneous	2,000	1,815	(185)
	<u>\$ 1,141,006</u>	<u>1,163,194</u>	<u>22,188</u>
		Cash 883,130	
		Due from Township 280,064	
		<u>1,163,194</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Statement of Expenditures - Regular Fund

Year ended December 31, 2024

	2024				
	Actual budget	Paid or charged	Accounts payable	Total expenditures	Excess (deficit)
Salaries and benefits	\$ 760,550	639,610	—	639,610	120,940
Library materials	88,000	91,050	5,249	96,299	(8,299)
Stationery and supplies	6,456	15,115	1,928	17,043	(10,587)
Administration	64,000	71,978	10,576	82,554	(18,554)
Exhibits and programs	12,000	31,633	1,645	33,278	(21,278)
Building maintenance	18,000	27,338	1,153	28,491	(10,491)
Furniture and equipment	3,000	3,018	—	3,018	(18)
Telephone	9,000	6,927	610	7,537	1,463
Pension	77,000	61,257	—	61,257	15,743
General insurance	25,000	21,774	—	21,774	3,226
Utilities	38,000	21,782	—	21,782	16,218
Capital projects contribution	40,000	—	—	—	40,000
	<u>\$ 1,141,006</u>	<u>991,482</u>	<u>21,161</u>	<u>1,012,643</u>	<u>128,363</u>
Cash Disbursed		247,059			
Due to Township		<u>744,423</u>			
Total		<u>\$ 991,482</u>			

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Board of Trustees of the Township of Pequannock Free Public Library, State of New Jersey (the Library) have been prepared in conformity with accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The following is a summary of the significant policies.

Reporting Entity

The Township of Pequannock Free Public Library was established as a free public library within the corporate limits of the Township of Pequannock and in accordance with New Jersey Statute 40:54-1. The Library operates for the purpose of supporting literary, educational and community undertakings.

B. Component Unit

The Governmental Accounting Standards Board Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Component Unit, (continued)

The Township of Pequannock Free Public Library is a component unit of the primary government of the Township of Pequannock. The members of the Township of Pequannock Free Public Library are appointed by the Township Council of the Township of Pequannock and the Township would be obligated to guarantee the Library's Debt Service, to the extent not met by other sources.

C. Fund Accounting and Fund Types

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Library, the accounts of the Library are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities reserves, fund balance, revenues and expenditures, as appropriate.

Regular Fund: is used to account for the resources and expenditures for operations of a general nature, including Federal, State and Local grants for operations, if any.

Building and Endowment Fund: is used to account for the receipts, custodianship and disbursements of monies in accordance with the purpose for which the fund was created.

D. Basis of Accounting

The accounting principles and practices prescribed for libraries by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Library's budget. Other amounts that are due the Library, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements.

Budgetary and Budgetary Accounting - An annual budget is adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements are those adopted by the Library Board of Trustees.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the balance sheet as required by GAAP.

Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit that are required to be presented in the general purpose financial statements be in accordance with GAAP. The Township of Pequannock Free Public Library presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

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TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets and Liabilities

1. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township of Pequannock Free Public Library classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

2. Fixed Assets

The Library has not developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America.

Equipment purchased by the Library is recorded as expenditures at the time of purchase and is not capitalized.

3. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates. As of December 31, 2024 no estimates were made by the Library.

4. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations in order to provide an understanding of changes in the Township of Pequannock Free Public Library's financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets and Liabilities, (continued)

5. Compensated Absences

Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

As of December 31, 2024 the estimated accrued liability as determined by Library officials for vacation, sick and compensatory time is approximately \$16,836. In accordance with state regulations this accrued liability has not been expensed or recorded as a liability.

6. Fund Balance Restrictions

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balance represents the amount available for future budgetary operations.

Restricted - includes amounts restricted by external sources or by constitutional provisions or enabling legislation. The Library received money from the Landsberger Trust to continue to fund the Landsberger Collections of books, films and other materials on the Holocaust. At December 31, 2024, the restricted fund balance was in the amount of \$10,890.

Unassigned - is the residual classification for the fund. This classification represents fund balance that has not been assigned and that has not been restricted, committed or assigned to specific purpose within the fund. At December 31 2024, unassigned fund balance was in the amount of \$451,595.

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Library's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2024, \$-0- of the Library's bank balance of \$744,231 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Library does not have 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 Statute 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statute 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

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

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3 - RETIREMENT PLANS

Substantially all of the Library's employees participate in the Public Employees' Retirement System (PERS), which is a defined benefit pension plan. This system is sponsored and administered by the State of New Jersey.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is considered a cost sharing multiple-employer contributory defined benefits plan which was established as of January 1, 1955, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district or public agency provide the employee is not a member of another State administer retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. 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.

Other Pension Funds

The State also administers the Pension Adjustment Fund (PAF), which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increase for PERS is funded directly by the retirement system and is considered in the annual actuarial calculation of the required State contribution for that system.

According to State statutes, 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 Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the retirement systems, funds, and trusts. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3 - RETIREMENT PLANS (continued)

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operate and to the benefit provisions of the systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the 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 $\frac{1}{4}$ of 1% 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 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an addition 1% phased-in over 7 years. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates 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.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be a least 1.5% of salary.
- In addition, this 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).

Funding Policy

Contribution Requirements

The contribution policy for PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PERS contribute at a uniform rate of 7.50% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. 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.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3 - RETIREMENT PLANS (continued)

Library Contributions

The Library's year ended December 31, 2024 contribution to PERS was \$61,257.

Deferred Compensation Plan

The Pequannock Public Library, through the Township, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary to future years. Individuals are one hundred percent vested. The plan is funded solely from voluntary employee payroll deductions. Distribution is available to employees upon termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the individual contributors and are not subject to the claims of the Library's general creditors. The plan is maintained by the Township.

Implementation of GASB Statement No. 68

The Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for fiscal years beginning after June 15, 2014. This Statement is to improve financial reporting by state and local government for pensions. The Township of Pequannock Free Public Library is a component unit of the Township of Pequannock.

All financial information pertaining to this system is contained in the Township's Report of Audit.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

"Excess funds" are the funds that will be transferred by the library trustees, with State Librarian approval, to the municipality (N.J.S.A. 40:54-15a, b(1) and (d) to be used solely and exclusively by the municipality for the purpose of reducing the amount the municipality is required to raise by local property tax levy for municipal purposes (N.J.S.A. 40A:4-25.1(2.)). Excess funds are those funds not intended for use in the operating budget, or in restricted accounts for capital and grants, or the temporarily restricted account (equal to 20% of the last audited operating budget). The trustees must allocate at least 100% of the "audited operating expenditures of the library for the most recent available year" in the operating budget of the year in which the money is to be returned plus 20% in the temporarily restricted account for a total of 120%. Anything remaining, unless determined to be restricted by other laws (such as gifts or encumbered funds for future benefits) must be returned to the municipality.

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 4 - COMMITMENTS AND CONTINGENCIES (continued)

The Library has performed a calculation of excess funds at year end and has determined no surplus was subject to be returned to the municipality.

NOTE 5 - SUBSEQUENT EVENTS

The Library has evaluated subsequent events through August 26, 2025, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Schedule of Cash

Year ended December 31, 2024

	<u>Regular Fund</u>	<u>Building & Endowment Fund</u>
Balance, January 1,	\$ 124,346	531,839
Increased by receipts:		
Township of Pequannock budget appropriations	1,104,792	—
State aid	8,403	—
Book sale	4,830	—
Fines	3,661	—
Contributions	7,741	122
Copier and printer revenue	5,350	—
Interest on savings	11,138	15,681
Room deposits	400	—
Miscellaneous	1,815	—
Void prior year checks	508	—
	<u>1,148,638</u>	<u>15,803</u>
	<u>1,272,984</u>	<u>547,642</u>
Decreased by disbursements:		
Expenditures	247,059	85,157
Accounts payable	7,072	—
Due to Township	739,210	—
	<u>993,341</u>	<u>85,157</u>
Balance, December 31,	<u>\$ 279,643</u>	<u>462,485</u>

Schedule 2

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Schedule of Accounts Payable

Year ended December 31, 2024

Balance, December 31, 2023	\$ 7,072
Increased by accounts payable	<u>21,161</u>
	28,233
Decreased by cash disbursed	<u>7,072</u>
Balance, December 31, 2024	<u>\$ 21,161</u>
Building and Endowment Fund	<u>—</u>
General Fund	<u>58,932</u>
	<u>58,932</u>

Schedule 3

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Schedule of Due to Township

Year ended December 31, 2024

Balance, December 31, 2023	\$ 72,051
Increased by expenses paid	<u>744,423</u>
	816,474
Decreased by cash disbursed	<u>739,210</u>
Balance, December 31, 2024	<u>\$ 77,264</u>

Schedule 4

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Schedule of Municipal Appropriations Receivable

Year ended December 31, 2024

Balance, December 31, 2023	\$	264,600
Increased by Municipal Appropriation		<u>1,120,256</u>
		1,384,856
Decreased by cash received		<u>1,104,792</u>
Balance, December 31, 2024	\$	<u><u>280,064</u></u>

Schedule 5

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Schedule of Due to Building and Endowment Fund
Operating Fund

Year ended December 31, 2024

Balance, December 31, 2023	\$	200,000
Decreased by cancellation		<u>200,000</u>
Balance, December 31, 2024	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK
FREE PUBLIC LIBRARY**
(A Component Unit of the Township of Pequannock)

Schedule of Reserve for Room Deposits

Year ended December 31, 2024

Balance, December 31, 2023	\$	—
Increased by cash received		400
		<u>400</u>
Decreased by cash disbursements		—
Balance, December 31, 2024	\$	<u><u>400</u></u>



WIELKOTZ & COMPANY^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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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**

To The Board of Trustees
Township of Pequannock Free Public Library
Pompton Plains, New Jersey

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 Township of Pequannock Free Public Library, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Township of Pequannock Free Public Library's basic financial statements, and have issued our report thereon dated August 26, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements - regulatory basis, we considered the Township of Pequannock Free Public 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-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Pequannock Free Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Pequannock Free Public Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

Compliance and Other Matters

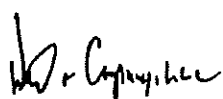
As part of obtaining reasonable assurance about whether the Township of Pequannock Free Public Library's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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* and which are described in the accompanying schedule of findings and questioned costs as items (2024-1).

Township of Pequannock Free Public Library's Response to Findings

The Township of Pequannock Free Public Library's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township of Pequannock Free Public Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Township of Pequannock Free Public Library internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Pequannock Free Public Library internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


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

August 26, 2025



GENERAL COMMENTS

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

GENERAL COMMENTS

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500 and \$25,000 with a qualified purchasing agent. On July 1, 2015, the bid threshold was increased to \$40,000 with a qualified purchasing agent and on July 1, 2020 that amount was increased to \$44,000.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$44,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, or the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Library has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Library's Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items: none.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

TOWNSHIP OF PEQUANNOCK FREE PUBLIC LIBRARY
(A COMPONENT UNIT OF THE TOWNSHIP OF PEQUANNOCK)

GENERAL COMMENTS
(continued)

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

40:54-12.1 PURCHASES NOT REQUIRING ADVERTISEMENTS FOR BIDS

The Board of Trustees of the Free Public Library of any municipality or of a Joint Free Public Library may, within the limits of funds appropriated or otherwise made available to the Board, purchase the following without advertising for bids therefore: (1) library materials including books, periodicals, newspapers, documents, pamphlets, photographs, reproductions, microfilms, pictorial or graphic works, musical scores, maps, charts, globes, sound recordings, slides, films, filmstrips, video and magnetic tapes, other printed or published matter, and audiovisual and other materials of a similar nature; (2) necessary binding or rebinding of library materials; and (3) specialized library services.

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Library officials during the course of the audit.

Should any questions arise as to the audit comments please do not hesitate to call us.



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