

**THE TRUSTEES OF THE FREE PUBLIC LIBRARY
OF PRINCETON, NEW JERSEY
Financial Statements
December 31, 2021 and 2020
With Independent Auditor's Reports**

The Trustees of the Free Public Library of Princeton, New Jersey
Table of Contents
December 31, 2021 and 2020

Independent Auditor’s Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Financial Statements	
Governmental Fund Balance Sheets and Statements of Net Position – Regulatory Basis	6
Statements of Governmental Fund Revenues, Expenditures and Changes in Fund Balances and Statements of Activities – Regulatory Basis	7
Notes to Financial Statements	8-26
Supplementary Information	
<i>Required Supplementary Information</i>	
Schedule of Library’s Proportionate Share of the Net Pension Liability – PERS and Notes to Required Supplementary Information	27
Schedule of Library’s Contributions – PERS	28
Schedule of Library’s Proportionate Share of the Net OPEB Liability – State Health Benefits Local Government Retired Employees Plan (SHBP)	29
Schedule of Library’s OPEB Contributions – State Health Benefits Local Government Retired Employees Plan (SHBP)	30
Schedule of Revenues Compared to Budget	31
Schedule of Expenditures Compared to Budget	32
<i>Other Supplementary Information</i>	
Combining Governmental Fund Balance Sheet Schedule	33
Schedule of Expenditures	34
Schedule of Operations by Fund Balances	35
Analysis of Payroll Cash	36
Analysis of Restricted Cash	37
Schedule of Capital Projects – Improvement Authorizations	38
Schedule of Capital Distributions from Municipality	39
Roster of Officials	40
Schedule of Findings and Recommendations	41
Schedule of Prior Year Findings and Recommendations	42

INDEPENDENT AUDITOR'S REPORT

To the Trustees,
Free Public Library of Princeton, New Jersey:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying governmental fund balance sheets and statements of net position – regulatory basis of The Trustees of the Free Public Library of Princeton, New Jersey (the “Library”), as of and for the years ended December 31, 2021 and 2020, the related statements of governmental fund revenues, expenditures and changes in fund balances and statements of activities – regulatory basis for the years then ended, and the related notes to financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis governmental fund balance sheets and statements of net position of the Library as of December 31, 2021 and 2020, the regulatory basis statements of revenues, expenditures and changes in fund balances and the statements of activities and the results of its operations and the changes in fund balances/net position for the years then ended in conformity with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2021 and 2020, or the changes in fund balances/net position for the years then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Library on the basis of accounting practices prescribed by the Division’s regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

The required supplementary information listed in the table of contents, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The accompanying supplementary schedules and information included in the table of contents of this report are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information included in the table of contents of this report 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 supplementary 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2022 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ronald C. Petrics".

Ronald C. Petrics, CPA, RMA
Registered Municipal Accountant
No. 20CR00047400

July 20, 2022

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Trustees of the Free Public Library of Princeton, New Jersey:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Trustees of the Free Public Library of Princeton, New Jersey (the "Library") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated July 20, 2022 on which we expressed an adverse opinion. Our report disclosed that, as described in Note 1 to the financial statements, the Library prepares its financial statements in conformity with accounting practices prescribed by the Division, which differ from accounting principles generally accepted in the United States of America.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under audit requirements prescribed by the Division and *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 Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with the Division and *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ron Petrics, CPA
Registered Municipal Accountant
No. 20CR00047400

July 20, 2022

The Trustees of the Free Public Library of Princeton, New Jersey
Governmental Fund Balance Sheets and Statements of Net Position – Regulatory Basis
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash - unrestricted	\$ 1,570,302	\$ 1,347,730
Cash - restricted	171,572	162,622
Petty cash	1,529	1,529
Due from municipality-capital	334,417	198,637
Other receivables	2,564	19,234
Capital assets	<u>18,991,849</u>	<u>19,042,017</u>
 Total assets	 <u>\$ 21,072,233</u>	 <u>\$ 20,771,769</u>
Liabilities, Reserves and Fund Balances		
Liabilities and reserves		
Appropriation reserves	\$ 56,049	\$ 67,489
Reserve for encumbrances	93,822	26,705
Reserve for capital encumbrances	22,222	650
Security deposit	1,300	1,300
Improvement authorizations - Library capital	418,913	158,972
Improvement authorizations - Municipal	310,932	202,568
Deferred revenue	18,816	14,857
Accounts payable	9,096	8,090
Reserve for employee development	58,980	58,956
Investment in capital assets	<u>18,991,849</u>	<u>19,042,017</u>
Total liabilities and reserves	19,981,979	19,581,604
Fund balances		
Unreserved	834,987	937,489
Reserved for capital trust	100,000	100,000
Reserved for grant and dedicated gift expenditures	<u>155,267</u>	<u>152,676</u>
	<u>1,090,254</u>	<u>1,190,165</u>
 Total liabilities, reserves and fund balances	 <u>\$ 21,072,233</u>	 <u>\$ 20,771,769</u>
Net position		
Net investment in capital assets	\$ 18,991,849	\$ 19,042,017
Unreserved	834,987	937,489
Reserved for capital trust	100,000	100,000
Reserved for grant and dedicated gift expenditures	<u>155,267</u>	<u>152,676</u>
	<u>\$ 20,082,103</u>	<u>\$ 20,232,182</u>

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

The Trustees of the Free Public Library of Princeton, New Jersey
Statements of Governmental Fund Revenues, Expenditures and Changes in Fund
Balances and Statements of Activities – Regulatory Basis
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Operating fund		
Operating revenues		
Municipal support	\$ 4,424,074	\$ 4,448,230
State library aid	14,857	15,022
General fund revenue	<u>760,872</u>	<u>781,659</u>
	<u>5,199,803</u>	<u>5,244,911</u>
Special revenues		
Friends of the Library	77,909	75,022
Grant revenues	29,237	26,828
Designated gifts	<u>148,319</u>	<u>150,580</u>
	<u>255,465</u>	<u>252,430</u>
	5,455,268	5,497,341
Other credits to income		
Fund balances utilized	-	2,269
Prior year encumbrances cancelled	<u>65,585</u>	<u>49,487</u>
Total operating fund	<u>5,520,853</u>	<u>5,549,097</u>
Capital fund		
Interest income	62	332
Other revenues	<u>116,678</u>	<u>79,535</u>
Total capital fund	<u>116,740</u>	<u>79,867</u>
Total revenues	<u>5,637,593</u>	<u>5,628,964</u>
Expenditures		
Operating fund		
Budget appropriations - Operating	5,420,826	5,238,180
Other debits to income		
Fund balance utilized as anticipated revenue	<u>200,000</u>	<u>2,269</u>
Total operating fund	5,620,826	5,240,449
Capital fund		
Budget appropriations - Capital outlay	<u>116,678</u>	<u>79,535</u>
Total expenditures	<u>5,737,504</u>	<u>5,319,984</u>
Excess (deficit) of revenues over expenditures	(99,911)	308,980
Fund balances		
January 1	<u>1,190,165</u>	<u>881,185</u>
December 31	<u>\$ 1,090,254</u>	<u>\$ 1,190,165</u>

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

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ORGANIZATION

Organization

The Free Public Library of Princeton (the "Library") was established as a municipal library by referendum and incorporated in 1909 (N.J.S.A. 40:54-1 et seq.). The Joint Free Public Library of Princeton Borough and Princeton Township was established by referendum and incorporated in 1961 (N.J.S.A. 40:54-29.3 et seq.). The voters of Princeton Borough and Princeton Township approved a ballot measure on November 8, 2011, to consolidate their two local governments (N.J.S.A. 40:43-66.59). The merger took effect on January 1, 2013, and the Board of Trustees incorporated on January 1, 2013 as The Trustees of the Free Public Library of Princeton, New Jersey according to the provisions of Chapter 54 of the Laws of the State of New Jersey (Title 40) to exercise the powers and duties granted to it under said statute. The Library is exempt from both federal and state taxes.

Financial Reporting Entity

An ongoing financial responsibility exists between The Trustees of the Free Public Library of Princeton, New Jersey and Princeton. The Library's continued existence depends on continued funding from the municipality.

Basis of Accounting

The financial statements of the Library have been prepared on a modified accrual basis and in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which differ in some respects from generally accepted accounting principles applicable to government units. Some of these differences may be material. Under this method of accounting, the Library accounts for its financial transactions through the following funds and policies:

Operations Fund - Accounts for all revenues and expenditures applicable to the general operations of the Library and comprises the following funds:

Municipal Fund - represents budget appropriations from Princeton and State Aid passed to the Library from Princeton.

General Fund - represents revenues generated by the Library.

Special Revenue Funds - accounts for proceeds of specific revenue sources that are restricted to expenditure for a specific purpose.

Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities and other Library capital expenditures. Revenues associated with capital projects are recorded when expenditures are incurred.

Trust and Agency Funds - accounts for assets held by the Library in a trustee capacity or as an agent for individuals and other government agencies.

Revenues - recorded when received in cash except for certain amounts which may be due from the State of New Jersey or other grantor agencies.

Expenditures - recorded when an amount is encumbered for goods or services through the issuance of a purchase order. Outstanding encumbrances at December 31 are shown as reserve for encumbrances in the financial statements.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities except for amounts which have been cancelled by the Board of Trustees. Appropriation reserves are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Accounting principles generally accepted in the United States of America ("GAAP") do not provide for the reservation of unexpended budget appropriations.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year-end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Insurance - Insurance costs for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

General Fixed Assets - recorded in a fixed asset accounting and reporting system maintained by the Library for general fixed assets. All general fixed assets owned as of December 31, 1985 are to be valued at cost, estimated historical cost or any other reasonable basis. For all general fixed assets acquired beginning January 1, 1986, the required basis for valuation is actual cost. No depreciation has been provided on fixed assets on the Library's records. Construction in progress is reported in the period expenditures are incurred.

Inventories of Supplies - The costs of inventories of supplies are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the balance sheet and statement of net position.

Pension Liability and Reporting - New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets or related plan pension expense. However, in accordance with N.J.A.C. 5:30-6.1(c)(2), the Library disclosed its proportionate share of the State of New Jersey net pension liability in the notes to the financial statements, as well as its related pension expense and other disclosures in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB No. 27* (see Note 4).

OPEB Liability and Reporting - New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other postemployment benefit ("OPEB") liability or related deferred outflows or inflows of resources on their balance sheets or related plan OPEB expense. However, in accordance with N.J.A.C. 5:30-6.1(c)(2), the Library disclosed its proportionate share of the State of New Jersey net pension liability in the notes to the financial statements, as well as its related pension expense and other disclosures in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (see Note 5).

Use of Estimates - The preparation of financial statements in conformity with the accounting practices prescribed by the Division requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget

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.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

2. CONTRIBUTED SERVICES

No amounts have been reflected in the financial statements for donated services because the criteria for recognition under the basis of accounting described elsewhere in these financial statements have not been satisfied. The Library pays for most services requiring specific expertise. However, a number of volunteers have donated significant amounts of their time to the Library's programs. The estimated value of donated services for the years ended December 31, 2021 and 2020 was approximately \$47,178 and \$73,843, respectively.

3. 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 agency 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 deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; or

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

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. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.

The cash on deposit is deposited in public depositories which are fully insured up to \$250,000 per institution by the FDIC and in excess of \$250,000 are fully collateralized by the bank through the Government Unit Deposit Protection Act ("GUDPA"), N.J.S.A. 17:9-41, et seq. The State of New Jersey Cash Management Plan account is neither covered by the FDIC nor protected by GUDPA but is considered an acceptable investment by the State of New Jersey. Cash as determined by the Library's Board of Trustees consists of all bank accounts, including certificates of deposit.

At December 31, 2021 and 2020, the carrying amounts of the Library's deposits were \$1,741,874 and \$1,510,352, respectively, and the bank balances were \$1,832,860 and \$1,556,574, respectively.

The cash deposits held at financial institutions as of December 31, 2021 can be categorized according to three levels of risk as described below:

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the Library or its agent, in the Library's name	\$326,301
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or agent in the Library's name	\$1,447,579
Category 3	Deposits which are not collateralized or insured	\$58,980

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

The cash deposits held at financial institutions as of December 31, 2020 can be categorized according to three levels of risk as described below:

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the Library or its agent, in the Library's name	\$325,963
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or agent in the Library's name	\$1,171,655
Category 3	Deposits which are not collateralized or insured	\$ 58,956

Investments

New Jersey statutes establish the following securities as eligible for the investment of Library funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.
- (c) Bonds or other obligations of the Library or bonds or other obligations of school districts of which the Library is a part or within which the school district is located.
- (d) Bonds or other obligations, having a maturity date of not more than 12 months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.
- (e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United States of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

During the year, the Library had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Library.

Unrestricted and restricted cash on deposit consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Bank Money Market Account	\$ 497,595	\$ 236,700
Other Bank Accounts	1,183,142	1,211,950
Citi Fund Services-New Jersey State Cash Management Account	58,980	58,956
Gift and Debit Card Fund	<u>2,157</u>	<u>2,746</u>
	<u>\$ 1,741,874</u>	<u>\$ 1,510,352</u>

The Library categorizes amounts received from donors for designated purposes as restricted cash.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

4. PENSION PLAN

Employees of the Library that are eligible, participate in the State of New Jersey, Public Employees' Retirement System ("PERS"). PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report ("CAFR"), which can be found at www.state.nj.us/treasury/pensions/financialr-reports.shtml.

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

The following represents the membership tiers for PERS:

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

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

As permitted by Local Finance Notice 2022-12, the following information has been obtained from the Plan audit at June 30, 2020 and is the latest available information as of December 31, 2021.

Employer and Employee Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State of New Jersey (the "State"). The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. During the years ended December 31, 2021 and 2020, PERS received employer and employee contributions as follows:

	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 371,523	\$ 333,193
Employee contributions	174,307	178,068
Basis for contributions		
Percent of base wages	7.50%	7.50%

Summary of Significant Accounting Policies

New Jersey's municipalities and counties do not follow GAAP and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the notes to the financial statements. Accordingly, the Library's portion of the net pension liability, related outflows and inflows of resources and pension expense are for disclosure purposes only and do not affect the Library's regulatory basis fund balance, statement of revenues and expenditures or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of PERS and additions to/deduction from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Although the division administers one cost-sharing multiple-employer plan, separate (sub) valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

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

The State's net pension liability was measured as of June 30, 2020 and 2019, and the State's total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018. In accordance with GASB 68, the measurement date shall not be earlier than one year from the statement of net position date; therefore, the Library has elected to utilize June 30, 2020 and 2019 as the measurement date.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

The Library's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the local group in PERS during the years ended June 30, 2020 and 2019.

At December 31, 2020 and 2019, the Library's proportionate share and net pension liability was as follows:

	<u>2020</u>	<u>2019</u>
Net pension liability (local group)	\$ 16,435,616,426	\$ 18,143,832,135
Library net pension liability	4,966,856	6,075,920
Library's proportion	0.0302201%	0.0334875%

Pension expense, net is comprised of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Proportionate share of allocable plan pension expense	\$ 118,679	\$ 281,691
Employer share paid	(333,193)	(330,655)
Pension expense related to specific liabilities of individual employers	3,189	3,006
Net amortization of deferral amounts from changes in proportion	<u>275</u>	<u>103,809</u>
	<u>\$ (211,050)</u>	<u>\$ 57,851</u>

At December 31, 2020 and 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to PERS as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes of assumptions	\$ 161,130	\$ 2,079,670	\$ 606,703	\$ 2,108,933
Differences between expected and actual experience	90,438	17,565	109,055	26,841
Net difference between projected and actual earnings on pension plan investments	169,771	-	-	95,911
Changes in proportion and differences between Library contributions and proportionate share of contributions	328,648	592,221	508,213	36,929
Library contributions subsequent to the measurement date	-	-	-	-
	<u>\$ 749,987</u>	<u>\$ 2,689,456</u>	<u>\$ 1,223,971</u>	<u>\$ 2,268,614</u>

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS (Local Group)</u>	<u>Library Share</u>
2021	\$ (2,046,278,639)	\$ (721,270)
2022	(1,865,583,957)	(657,579)
2023	(1,066,133,576)	(375,790)
2024	(431,126,457)	(151,963)
2025	(93,243,501)	(32,867)
Thereafter	-	-
	<u>\$ (5,502,366,130)</u>	<u>\$ (1,939,469)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 and 2019 measurement date was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively, which was rolled forward to June 30, 2020 and 2019, respectively.

The actuarial valuation used the following actuarial assumptions:

	<u>2020</u>	<u>2019</u>
Inflation rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases through 2026	2.00 - 6.00%	2.00 - 6.00%
	based on years of service	based on years of service
Thereafter	3.00 - 7.00%	3.00 - 7.00%
	based on years of service	based on years of service
Investment rate of return	7.00%	7.00%

For June 30, 2020 the following assumptions were used:

Preretirement 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. Postretirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

For June 30, 2019, the following assumptions were used:

Preretirement 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. Postretirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 and 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	3.40%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% and 3.50% as of June 30, 2020 and 2019, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers for the year ended June 30, 2020.

For the year ended June 30, 2019, 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 will be based on 70% 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 and projected future benefit payments of current plan members through 2057 for the years ended June 30, 2020 and 2019, respectively. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments and projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Library's proportionate share of the net pension liability measured as of December 31, 2020 and 2019, calculated using the discount rate as disclosed above as well as what the Library's proportionate share of the net pension liability (local group) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	2020		
	At 1 % decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State	\$ 25,353,758,472	\$ 22,223,967,525	\$ 19,576,310,991
Local	<u>20,689,699,233</u>	<u>16,435,616,426</u>	<u>12,825,910,903</u>
PERS as a whole	<u>\$ 46,043,457,705</u>	<u>\$ 38,659,583,951</u>	<u>\$ 32,402,221,894</u>
Library's proportionate share of the net pension liability	<u>\$ 6,252,443</u>	<u>\$ 4,966,856</u>	<u>\$ 3,876,000</u>

	2019		
	At 1 % decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
State	\$ 26,475,719,181	\$ 23,012,420,340	\$ 20,102,167,445
Local	<u>22,918,608,260</u>	<u>18,143,832,135</u>	<u>14,120,406,763</u>
PERS as a whole	<u>\$ 49,394,327,441</u>	<u>\$ 41,156,252,475</u>	<u>\$ 34,222,574,208</u>
Library's proportionate share of the net pension liability	<u>\$ 7,674,874</u>	<u>\$ 6,075,920</u>	<u>\$ 4,728,574</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report which can be found at the following link: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Library participates and contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the Division's CAFR, which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credits in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

As permitted by Local Finance Notice 2022-12, the following information has been obtained from the Plan audit at June 30, 2020 and is the latest available information as of December 31, 2021.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 8, 2011 will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The funding policy for the OPEB plan is pay as you go, where the Library was billed monthly by the Plan. The Plan received employer and employee contributions as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 46,444	\$ 41,805
Employee contributions	\$ -	\$ -
Basis for contributions	\$ 2,281,490	\$ 2,350,115
Percent of base wages	2.04%	1.78%

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net OPEB liability was measured as of June 30, 2020 and 2019, and the total OPEB liability to calculate the net OPEB liability, was determined by an actuarial valuation as of June 30, 2019 and 2018, which was rolled forward to June 30, 2020 and 2019, respectively.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

The Library's proportion of the net OPEB liability as of June 30, 2020 and 2019 is based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2019 through June 30, 2020 and July 1, 2018 through June 30, 2019, respectively. At December 31, 2020 and 2019, the Library's proportionate share and net OPEB liability was as follows:

	<u>2020</u>	<u>2019</u>
Net OPEB liability	\$ 17,946,612,946	\$ 13,546,071,100
Library net OPEB liability	\$ 9,817,336	\$ 6,419,889
Library's proportion	0.0547030%	0.0473930%

OPEB expense (benefit), net comprised of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Proportionate share of allocable plan OPEB benefit	\$ 77,672	\$ (59,837)
OPEB expense related to specific liabilities of individual employers	-	-
Net amortization of deferral amounts from changes in proportion	<u>(113,025)</u>	<u>(320,127)</u>
Total employer OPEB expense excluding that attributable to employer-paid member contributions	<u>\$ (35,353)</u>	<u>\$ (379,964)</u>

At December 31, 2020 and 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes of assumptions	\$ 1,468,364	\$ 2,183,224	\$ -	\$ 2,275,066
Differences between expected and actual experience	258,581	1,828,171	-	1,877,426
Net difference between projected and actual earnings on OPEB plan investments	6,235	-	5,288	-
Changes in proportion and differences between Library contributions and proportionate share of contributions	1,520,884	1,695,954	117,178	2,035,165
Library contributions subsequent to the measurement date	-	-	-	-
	<u>\$ 3,254,064</u>	<u>\$ 5,707,349</u>	<u>\$ 122,466</u>	<u>\$ 6,187,657</u>

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Amount reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in future OPEB expense as follows:

<u>Year</u>	<u>OPEB Expense</u>	<u>Library Share</u>
2021	\$ (964,720,007)	\$ (568,284)
2022	(965,594,678)	(568,800)
2023	(967,008,484)	(569,633)
2024	(968,300,349)	(570,394)
2025	(660,258,014)	(388,936)
Thereafter	361,183,501	212,762
	<u>\$ (4,164,698,031)</u>	<u>\$ (2,453,285)</u>

Actuarial Assumptions

The total OPEB liability for the June 30, 2020 and 2019 measurement date was determined by an actuarial valuation as of June 30, 2019 and 2018, which was rolled forward to June 30, 2020 and 2019.

This actuarial valuation used the following actuarial assumptions applied to all periods in the measurement:

	<u>2020</u>	<u>2019</u>
Inflation rate	2.50%	2.50%
Salary increases through 2026	2.00 - 6.00%	2.00 - 6.00%
Thereafter	3.00 - 7.00%	3.00 - 7.00%

*Salary increases are based on years of service within the respective plan.

For June 30, 2020, the following assumptions were used:

Pre-retirement healthy mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2020 scale. Post-retirement health mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using MP-2020 scale. Disabled retiree mortality was based on the PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using the MP-2020 scale.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

For June 30, 2019, the following assumptions were used:

Pre-retirement healthy mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale. Post-retirement health mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using MP-2019 scale. Disabled retiree mortality was based on the PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale.

Certain actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Public Employee's Retirement System ("PERS"). The PERS experience study was prepared for the period July 1, 2014 to June 30, 2018. Certain actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Public Employee's Retirement System ("PERS"). The PERS experience study was prepared for the period from July 1, 2014 to June 30, 2018.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/As or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected.

The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Library's proportionate share of the net OPEB liability measured as of June 30, 2020 and 2019, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	2020		
	At 1 % decrease (1.21%)	At current discount rate (2.21%)	At 1% increase (3.21%)
Net OPEB liability	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000
Library's proportionate share of the net OPEB liability	\$ 11,606,165	\$ 9,817,336	\$ 8,401,315
	2019		
	At 1 % decrease (2.50%)	At current discount rate (3.50%)	At 1% increase (4.50%)
Net OPEB liability	\$ 15,662,704,137	\$ 13,546,071,100	\$ 11,826,026,995
Library's proportionate share of the net OPEB liability	\$ 7,423,025	\$ 6,419,889	\$ 5,604,709

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Library's proportionate share of the Net OPEB liability measured as of June 30, 2020 and 2019, calculated using the healthcare cost trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	2020		
	At 1 % decrease	Healthcare cost trend rate	At 1% increase
Net OPEB liability	\$ 14,850,840,718	\$ 17,946,612,946	\$ 22,000,569,109
Library's proportionate share of the net OPEB liability	\$ 8,123,856	\$ 9,817,336	\$ 12,034,972
	2019		
	At 1 % decrease	Healthcare cost trend rate	At 1% increase
Net OPEB liability	\$ 11,431,214,644	\$ 13,546,071,100	\$ 16,243,926,531
Library's proportionate share of the net OPEB liability	\$ 5,417,595	\$ 6,419,889	\$ 7,698,484

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report which can be found at the following link: www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

6. DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (“DCRP”) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103 P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. DCRP provides eligible members, with a minimum annual salary of \$5,000, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial.

The retirement program is a pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. Eligible individuals include employees enrolled in PERS on or after July 1, 2007 who earn salary in excess of established “maximum compensation” limits.

Enrolled members contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial which administers the DCRP for the Division of Pensions and Benefits. The Library is required to contribute 3% of the member’s base salary at the time the member’s contribution is submitted to Prudential Financial. For the years ended December 31, 2021 and 2020, the Library’s total payroll for all employees was \$2,897,469 and \$2,875,920 and total DCRP covered payroll was \$331,890 and \$334,376, respectively. Covered payroll refers to all compensation paid by the Library to active employees covered by the Plan. Employee contributions to DCRP for the years ended December 31, 2021 and 2020 were \$18,254 and \$18,391, respectively. The Library’s required contribution to DCRP for the years ended December 31, 2021 and 2020 was \$9,957 and \$10,031, respectively.

7. 403(B) PLAN

The Library offers its eligible employees the opportunity to contribute pretax contributions, through salary reductions, to a 403(b)(7) custodial account or a tax-sheltered annuity. The plan is administered by the Library and participation is voluntary. Contributions to these plans are not matched by the Library.

8. CAPITAL ASSETS

The current changes in capital assets are summarized as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Building and improvements	13,377,759	-	-	13,377,759
Furniture and equipment	4,164,258	67,856	118,024	4,114,090
Total capital assets	<u>\$ 19,042,017</u>	<u>\$ 67,856</u>	<u>\$ 118,024</u>	<u>\$ 18,991,849</u>

9. EMPLOYEE DEVELOPMENT/COMPENSATED ABSENCES

Library employees are entitled to paid vacation leave each year. A maximum of one week of unused vacation pay may be accumulated and carried forward to the subsequent year. Approval is granted for additional time on an individual basis. The liability for compensated absences as of December 31, 2021 and 2020 is \$32,818 and \$39,456 for vacation time, respectively.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

The Library holds a dedicated trust fund to support the skills development, education and compensation of current active employees. The balance of this fund was \$58,980 and \$58,956 as of December 31, 2021 and 2020, respectively.

10. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Library is the beneficiary of a trust held by an outside trustee. The value of the trust is based on the Library's share of the fair value of the underlying securities held by the trustee. Quarterly distributions of income have been received by the Library and have been recorded as contributions in the amount of \$3,872 and \$3,960 for the years ended December 31, 2021 and 2020, respectively. The fair value portion of the Library's interest in the trust at December 31, 2021 and 2020 was \$93,630 and \$88,133, respectively, and is not recorded in the financial statements of the Library.

11. RELATED PARTY TRANSACTIONS

The Trustees of the Free Public Library of Princeton, New Jersey is a government entity authorized pursuant to N.J.S.A. 40A:54-1. The Library receives substantial support from Princeton, New Jersey.

The Library board appoints the board of the Princeton Public Library Foundation, Inc. (the "Foundation"). The Library also provides the Foundation with management and fundraising services including accounting, supervisory and secretarial services. The value of these services was estimated by management to be \$40,976 and \$61,886 for the years ended December 31, 2021 and 2020, respectively, of which \$17,246 and \$26,388 was reimbursed back to the Library, respectively.

The Foundation provides for an annual distribution from its endowment to the Library. Included within this distribution are amounts which are accumulated within the endowment restricted for specific purposes and a general unrestricted distribution. The Foundation made distributions to the Library of unrestricted funds amounting to \$339,603 and \$372,458 for the years ended December 31, 2021 and 2020, respectively. The Foundation made distributions to the Library of restricted funds amounting to \$232,835 and \$205,232 for the years ended December 31, 2021 and 2020, respectively.

The Foundation acts as a custodian to pass certain gifts and grants designated to the Library annual appeal and other causes. Gifts and grants which were passed through the Foundation to the Library amounted to approximately \$17,000 and \$25,000 for the years ended December 31, 2021 and 2020, respectively.

Included in other receivables is \$-0- and \$10,799 as of December 31, 2021 and 2020, respectively, which the Foundation owes the Library.

The Friends of the Princeton Public Library (the "Friends") is a not-for-profit corporation formed with the exclusive purpose to publicize the services and needs of the Library, to increase public support, and to further the interest and progress of the Library. The Friends contributed approximately \$78,000 and \$75,000 for the years ended December 31, 2021 and 2020, respectively.

The Friends acts as a custodian to pass certain gifts and grants designated to the Library annual appeal and Library related causes. Gifts and grants which were passed through the Friends to the Library amounted to approximately \$24,000 and \$11,000 for the years ended December 31, 2021 and 2020, respectively.

The Library also provides the Friends with management and fundraising services including accounting, supervisory and secretarial services. The value of these services amounted to \$41,792 and \$57,548 for the years ended December 31, 2021 and 2020, respectively, which was reimbursed by the Friends to the Library.

The Trustees of the Free Public Library of Princeton, New Jersey
Notes to Financial Statements
December 31, 2021 and 2020

Funds due from the Friends as of December 31, 2021 and 2020 amounted to \$-0- and \$7,100, respectively.

12. CONCENTRATIONS

For each of the years ended December 31, 2021 and 2020, approximately 80% of revenue is municipal support.

13. RENTAL INCOME

The Library leases a portion of its building under a noncancelable lease, which was set to expire in June 2022. The lease calls for monthly payments which represent a percentage of the revenue generated by the lessee's sales or a minimum flat rate.

On May 18, 2022, the Library approved a resolution extending the term of this lease through February 2024.

14. OTHER COMMITMENTS AND CONTINGENCIES

The Library is subject to legal proceedings and claims which arise in the ordinary course of business and has insurance coverage to cover such claims up to a specific limit. Management does not believe that the outcome of any outstanding matters or claims will have a material adverse effect on the financial position or operating results.

15. SUBSEQUENT EVENTS

The Library has evaluated subsequent events occurring after the balance sheet and statement of net position date through July 20, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Library had no subsequent events, other than the matter noted in Note 13, which required adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Library's Proportionate Share of the Net Pension Liability – PERS and Notes to Required Supplementary
Information
Year Ended December 31, 2021

The Library's proportion (amount and percentage) of the collective net pension liability and the Library's proportionate share of the collective net pension liability as a percentage of covered payroll as of the measurement date (June 30) for the previous ten years* is as follows:

	2020	2019	2018	2017	2016	2015	2014	2013
Library's proportionation of the net pension liability (asset) (PERS Local Group)	0.030220%	0.033488%	0.033636%	0.031412%	0.030504%	0.029084%	0.029465%	0.029084%
Library's proportionate share of the net pension liability (PERS Local Group)	\$ 4,966,856	\$ 6,075,920	\$ 6,621,780	\$ 7,312,145	\$ 9,034,271	\$ 6,528,686	\$ 5,516,649	\$ 6,036,559
Library's covered-employee payroll	\$ 2,350,115	\$ 2,191,556	\$ 2,300,753	\$ 2,348,781	\$ 2,205,121	\$ 2,112,609	\$ 2,011,342	\$ 1,949,193
Library's proportionate share of the net pension liability as a percentage of its covered payroll	211.35%	277.24%	287.81%	311.32%	409.70%	309.03%	274.28%	309.70%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

None

Changes of Assumptions

The discount rate changed as follows as of June 30:

	2020	2019	2018	2017	2016	2015	2014	2013
	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%	

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Library's Contributions - PERS
Year Ended December 31, 2021

The Library's contractually and statutorily required employer contributions for each of the past ten years* are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 333,193	\$ 330,655	\$ 337,830	\$ 300,562	\$ 274,934	\$ 250,041	\$ 242,905
Contributions in relation to the contractually required contribution	<u>(333,193)</u>	<u>(330,655)</u>	<u>(337,830)</u>	<u>(300,562)</u>	<u>(274,934)</u>	<u>(250,041)</u>	<u>(242,905)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Library's covered-employee payroll	\$ 2,350,115	\$ 2,191,556	\$ 2,300,753	\$ 2,348,781	\$ 2,205,121	\$ 2,112,609	\$ 2,011,342
Contributions as a percentage of covered-employee payroll	14.18%	15.09%	14.68%	12.80%	12.47%	11.84%	12.08%

*This schedule is presented to illustrate the requirement to show information for ten years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

**The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of the Library's Proportionate Share of the Net OPEB Liability –
State Health Benefits Local Government Retired Employees Plan (SHBP)
Year Ended December 31, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Library's proportion (percentage) of the collective net OPEB liability	0.054703%	0.047393%	0.053108%
Library's proportionate share (amount) of the collective net OPEB liability	\$ 9,817,336	\$ 6,419,889	\$ 8,320,228
Library's covered-employee payroll	\$ 2,350,115	\$ 2,191,556	\$ 2,300,753
Library's proportionate share (amount) of the collective net OPEB liability as a percentage of its covered-employee payroll	417.74%	292.94%	361.63%
Plan fiduciary net position as a percentage of the total collective OPEB liability	0.91%	1.98%	1.97%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

None

Changes of Assumptions

The discount rate changed as follows as of June 30:	2.21%	3.50%	3.87%
---	-------	-------	-------

See Independent Auditor's Report.

**The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of the Library's OPEB Contributions –
State Health Benefits Local Government Retired Employees Plan (SHBP)
Year Ended December 31, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Library's required contribution	\$ 41,805	\$ 45,800	\$ 74,868
Library's contributions in relation to required contribution	<u>(41,805)</u>	<u>(45,800)</u>	<u>(74,868)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered-employee payroll	\$ 2,350,115	\$ 2,191,556	\$ 2,300,753
Contributions as a percentage of covered-employee payroll	1.78%	2.09%	3.25%

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Revenues Compared to Budget
Year Ended December 31, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>	
	<u>Original</u>	<u>Revised</u>			
Operating Budget					
Current revenues					
Municipal appropriation	\$ 4,424,074	\$ 4,424,074	\$ 4,424,074	\$ -	
State library aid	14,857	14,857	14,857	-	
General fund revenue					
Fines/fees	88,250	88,250	109,102	20,852	
Interest earned	500	500	234	(266)	
Saleable/taxable items	3,750	3,750	7,562	3,812	
Meeting room charge	5,000	5,000	337	(4,663)	
Endowment contribution	339,603	339,603	339,603	-	
Donations - unrestricted	252,552	252,552	299,581	47,029	
Donations - restricted	5,000	5,000	3,300	(1,700)	
Café income	5,000	5,000	457	(4,543)	
Other	15,500	15,500	696	(14,804)	
Total General fund revenue	715,155	715,155	760,872	45,717	
Total operating revenues	5,154,086	5,154,086	5,199,803	45,717	
Special revenues					
Friends of the Library	75,000	77,905	77,909	4	
Grant revenues	18,500	29,237	29,237	-	
Designated gifts	137,851	148,295	148,319	24	
Total special revenues	231,351	255,437	255,465	28	
Total current revenues	5,385,437	5,409,523	5,455,268	45,745	
Fund balance utilized	145,083	145,083	-	(145,083)	
Total operating revenues	\$ 5,530,520	\$ 5,554,606	\$ 5,455,268	\$ (99,338)	
	<u>Carryover at</u>	<u>Approved</u>	<u>Total Budget</u>	<u>Actual</u>	<u>Carryover at</u>
	<u>December 31, 2020</u>	<u>Budget</u>	<u>Available</u>	<u>2021</u>	<u>December 31, 2021</u>
		<u>2021</u>	<u>2021</u>		
Capital Budget					
Current revenues					
Municipal revenue	\$ 202,567	\$ 190,000	\$ 392,567	\$ 81,635	\$ 310,932
Library capital revenue	158,973	294,983	453,956	35,043	418,913
	361,540	484,983	846,523	116,678	729,845
Interest earned	332	-	332	-	332
	\$ 361,872	\$ 484,983	\$ 846,855	\$ 116,678	\$ 730,177

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Expenditures Compared to Budget
Year Ended December 31, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revised</u>		
Operating Budget				
Current operating expenditures				
Personnel				
Salaries and wages	\$ 2,864,436	\$ 2,821,990	\$ 2,795,491	\$ (26,499)
Payroll taxes and disability	236,115	222,699	221,378	(1,321)
Pension	355,000	348,550	344,828	(3,722)
Health benefits	547,880	542,658	558,600	15,942
	<u>4,003,431</u>	<u>3,935,897</u>	<u>3,920,297</u>	<u>(15,600)</u>
Other expenses				
Library materials	324,860	332,801	331,520	(1,281)
Administrative expenses	69,600	54,407	47,635	(6,772)
General operating	200,012	187,305	184,170	(3,135)
Building and grounds	476,590	428,014	422,017	(5,997)
Equipment and furniture	42,000	40,784	30,447	(10,337)
Technology	182,676	188,748	178,826	(9,922)
	<u>1,295,738</u>	<u>1,232,059</u>	<u>1,194,615</u>	<u>(37,444)</u>
	<u>5,299,169</u>	<u>5,167,956</u>	<u>5,114,912</u>	<u>(53,044)</u>
Special revenue fund expenses				
Friends of the Library	75,000	77,905	74,901	(3,004)
Grants	18,500	29,237	29,719	482
Designated gifts	137,851	148,295	145,246	(3,049)
	<u>231,351</u>	<u>255,437</u>	<u>249,866</u>	<u>(5,571)</u>
Total operating expenditures	<u>\$ 5,530,520</u>	<u>\$ 5,423,393</u>	<u>\$ 5,364,778</u>	<u>\$ (58,615)</u>
Memo only				
Budget above		\$ 5,423,393		
Cancelled		<u>131,213</u>		
Revised budget		<u>\$ 5,554,606</u>		
	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revised</u>		
Capital Budget				
Capital expenditures				
Municipal expenditures*	\$ 392,567	\$ 392,567	\$ 81,635	\$ (310,932)
Library capital expenditures*	453,956	453,956	35,043	(418,913)
	<u>\$ 846,523</u>	<u>\$ 846,523</u>	<u>\$ 116,678</u>	<u>\$ (729,845)</u>

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

**The Trustees of the Free Public Library of Princeton, New Jersey
Combining Governmental Fund Balance Sheet Schedule
December 31, 2021**

	Trust and Agency Funds	Restricted Funds			Operating Funds			Capital Funds			General Fixed Assets	Memo Only - Total
	Employee Development	Friends	Grant/ Designated Gifts	Subtotal Restricted Funds	General	Municipal	Subtotal Operations	Library Funded Capital	Municipal Funded Capital	Subtotal Capital		
Assets												
Cash	\$ 58,980	\$ 16,305	\$ 155,267	\$ 171,572	\$ 706,776	\$ 284,534	\$ 991,310	\$ 421,293	\$ 98,719	\$ 520,012	\$ -	\$ 1,741,874
Petty cash	-	-	-	-	1,529	-	1,529	-	-	-	-	1,529
Due from municipalities-capital	-	-	-	-	-	-	-	-	334,417	334,417	-	334,417
Other receivables	-	-	-	-	842	1,722	2,564	-	-	-	-	2,564
Capital assets	-	-	-	-	-	-	-	-	-	-	18,991,849	18,991,849
Total assets	<u>\$ 58,980</u>	<u>\$ 16,305</u>	<u>\$ 155,267</u>	<u>\$ 171,572</u>	<u>\$ 709,147</u>	<u>\$ 286,256</u>	<u>\$ 995,403</u>	<u>\$ 421,293</u>	<u>\$ 433,136</u>	<u>\$ 854,429</u>	<u>\$ 18,991,849</u>	<u>\$ 21,072,233</u>
Liabilities, Reserves and Fund Balances												
Liabilities and reserves												
Appropriation reserves	\$ -	\$ 3,004	\$ -	\$ 3,004	\$ 31,447	\$ 21,598	\$ 53,045	\$ -	\$ -	\$ -	\$ -	\$ 56,049
Reserve for encumbrances	-	3,351	-	3,351	55,095	35,376	90,471	-	-	-	-	93,822
Reserve for capital encumbrances	-	-	-	-	-	-	-	567	21,655	22,222	-	22,222
Security deposit	-	-	-	-	1,300	-	1,300	-	-	-	-	1,300
Improvement authorizations	-	-	-	-	-	-	-	418,913	310,932	729,845	-	729,845
Deferred revenue	-	-	-	-	-	18,816	18,816	-	-	-	-	18,816
Accounts payable	-	-	-	-	-	9,096	9,096	-	-	-	-	9,096
Reserve for employee development	58,980	-	-	-	-	-	-	-	-	-	-	58,980
Investment in capital assets	-	-	-	-	-	-	-	-	-	-	18,991,849	18,991,849
	<u>58,980</u>	<u>6,355</u>	<u>-</u>	<u>6,355</u>	<u>87,842</u>	<u>84,886</u>	<u>172,728</u>	<u>419,480</u>	<u>332,587</u>	<u>752,067</u>	<u>18,991,849</u>	<u>19,981,979</u>
Fund balances												
Unreserved	-	9,950	-	9,950	621,305	201,370	822,675	1,813	549	2,362	-	834,987
Reserved for capital trust	-	-	-	-	-	-	-	-	100,000	100,000	-	100,000
Reserved for grant and dedicated gift expenditures	-	-	155,267	155,267	-	-	-	-	-	-	-	155,267
	<u>-</u>	<u>9,950</u>	<u>155,267</u>	<u>165,217</u>	<u>621,305</u>	<u>201,370</u>	<u>822,675</u>	<u>1,813</u>	<u>100,549</u>	<u>102,362</u>	<u>-</u>	<u>1,090,254</u>
Total liabilities, reserves and fund balances	<u>\$ 58,980</u>	<u>\$ 16,305</u>	<u>\$ 155,267</u>	<u>\$ 171,572</u>	<u>\$ 709,147</u>	<u>\$ 286,256</u>	<u>\$ 995,403</u>	<u>\$ 421,293</u>	<u>\$ 433,136</u>	<u>\$ 854,429</u>	<u>\$ 18,991,849</u>	<u>\$ 21,072,233</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Expenditures
Year Ended December 31, 2021

	Budget		Paid or Charged	Reserved	Cancelled
	Original	Revised			
Operating Fund					
Municipal Fund					
Salaries and benefits					
Salaries	\$ 2,849,846	\$ 2,849,846	\$ 2,795,491	\$ 26,499	\$ 27,856
Payroll taxes and disability	236,115	236,115	221,378	1,321	13,416
Pension	355,000	355,000	344,828	3,722	6,450
Health benefits	547,880	547,880	558,600	(15,942)	5,222
	<u>3,988,841</u>	<u>3,988,841</u>	<u>3,920,297</u>	<u>15,600</u>	<u>52,944</u>
Other expenses					
General operating	82,000	82,000	80,446	-	1,554
Building and grounds	470,090	470,090	416,708	5,997	47,385
	<u>552,090</u>	<u>552,090</u>	<u>497,154</u>	<u>5,997</u>	<u>48,939</u>
Total municipal fund	<u>4,540,931</u>	<u>4,540,931</u>	<u>4,417,451</u>	<u>21,597</u>	<u>101,883</u>
General Fund					
Salaries and benefits					
Salaries	<u>14,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenses					
Library materials	324,860	332,865	331,520	1,281	64
Administrative expenses	69,600	68,495	47,635	6,772	14,088
General operating	118,012	116,502	103,724	3,135	9,643
Building and grounds	6,500	6,500	5,309	-	1,191
Equipment and furniture	42,000	43,200	30,447	10,337	2,416
Technology	182,676	190,676	178,826	9,922	1,928
	<u>743,648</u>	<u>758,238</u>	<u>697,461</u>	<u>31,447</u>	<u>29,330</u>
Total general fund	<u>758,238</u>	<u>758,238</u>	<u>697,461</u>	<u>31,447</u>	<u>29,330</u>
Total operating fund	5,299,169	5,299,169	5,114,912	53,044	131,213
Special Revenue Funds					
Friends of the Library					
Other expenses					
Library materials	<u>75,000</u>	<u>77,905</u>	<u>74,901</u>	<u>3,004</u>	<u>-</u>
Other special revenue funds					
Salaries and benefits					
Salaries	56,646	59,309	46,051	13,258	-
Payroll taxes and disability	4,875	5,079	3,631	1,448	-
Health benefits	22,624	22,624	16,224	6,400	-
	<u>84,145</u>	<u>87,012</u>	<u>65,906</u>	<u>21,106</u>	<u>-</u>
Other expenses					
Library materials	41,140	47,891	44,361	3,530	-
Administrative expenses	500	1,000	798	202	-
General operating	27,242	31,572	39,354	(7,782)	-
Technology	3,324	10,057	24,546	(14,489)	-
	<u>72,206</u>	<u>90,520</u>	<u>109,059</u>	<u>(18,539)</u>	<u>-</u>
Total other special revenue funds	<u>156,351</u>	<u>177,532</u>	<u>174,965</u>	<u>2,567</u>	<u>-</u>
Total special revenue funds	<u>231,351</u>	<u>255,437</u>	<u>249,866</u>	<u>5,571</u>	<u>-</u>
Total operating and special revenue funds	<u>\$ 5,530,520</u>	<u>\$ 5,554,606</u>	<u>\$ 5,364,778</u>	<u>\$ 58,615</u>	<u>\$ 131,213</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Operations by Fund Balances
Year Ended December 31, 2021

	<u>Municipal Fund</u>	<u>General Fund</u>	<u>Friends Fund</u>	<u>Grant/ Designated Gifts</u>	<u>Operating Total</u>	<u>Capital Fund</u>	<u>Total</u>
Revenue							
Municipal appropriation	\$ 4,424,074	\$ -	\$ -	\$ -	\$ 4,424,074	\$ -	\$ 4,424,074
State library aid	14,857	-	-	-	14,857	-	14,857
Fines/fees	-	109,102	-	-	109,102	-	109,102
Interest	118	116	4	23	261	62	323
Saleable/taxable items	-	7,562	-	-	7,562	-	7,562
Meeting room charge	-	337	-	-	337	-	337
Endowment contribution	-	339,603	-	-	339,603	-	339,603
Donations - unrestricted	-	299,581	-	-	299,581	-	299,581
Café income	-	457	-	-	457	-	457
Miscellaneous/other	-	696	-	-	696	-	696
Friends revenue	-	-	77,905	-	77,905	-	77,905
Grant revenue	-	-	-	29,237	29,237	-	29,237
Capital fund revenues	-	-	-	-	-	116,678	116,678
Designated gifts	-	3,300	-	148,296	151,596	-	151,596
	<u>4,439,049</u>	<u>760,754</u>	<u>77,909</u>	<u>177,556</u>	<u>5,455,268</u>	<u>116,740</u>	<u>5,572,008</u>
Other credits to income:							
Prior year encumbrance cancelled	<u>20,570</u>	<u>42,806</u>	<u>2,209</u>	<u>-</u>	<u>65,585</u>	<u>-</u>	<u>65,585</u>
Total revenues	<u>4,459,619</u>	<u>803,560</u>	<u>80,118</u>	<u>177,556</u>	<u>5,520,853</u>	<u>116,740</u>	<u>5,637,593</u>
Expenditures							
Salaries and benefits	3,920,297	-	-	65,906	3,986,203	-	3,986,203
Other expenses	<u>497,154</u>	<u>697,461</u>	<u>74,901</u>	<u>109,059</u>	<u>1,378,575</u>	<u>116,678</u>	<u>1,495,253</u>
	4,417,451	697,461	74,901	174,965	5,364,778	116,678	5,481,456
Other debits to income							
Appropriation reserves	<u>21,597</u>	<u>31,447</u>	<u>3,004</u>	<u>-</u>	<u>56,048</u>	<u>-</u>	<u>56,048</u>
Total expenditures	<u>4,439,048</u>	<u>728,908</u>	<u>77,905</u>	<u>174,965</u>	<u>5,420,826</u>	<u>116,678</u>	<u>5,537,504</u>
Excess (deficit) or revenues over (under) expenditures	20,571	74,652	2,213	2,591	100,027	62	100,089
Decreased by utilized as anticipated revenue	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balances	20,571	(125,348)	2,213	2,591	(99,973)	62	(99,911)
Fund balances							
Balance, January 1	<u>180,799</u>	<u>746,653</u>	<u>7,737</u>	<u>152,676</u>	<u>1,087,865</u>	<u>102,300</u>	<u>1,190,165</u>
Balance, December 31	<u>\$ 201,370</u>	<u>\$ 621,305</u>	<u>\$ 9,950</u>	<u>\$ 155,267</u>	<u>\$ 987,892</u>	<u>\$ 102,362</u>	<u>\$ 1,090,254</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Analysis of Payroll Cash
December 31, 2021

	<u>Balance</u> <u>January 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>December 31, 2021</u>
Net pay	\$ -	\$ 1,862,509	\$ 1,862,509	\$ -
Payroll deductions	8,100	1,044,586	1,043,256	9,430
Due to public fund	1,777	1,539	-	3,316
Interest	-	6	6	-
Employer share of social security, Medicare, disability and pension	<u>-</u>	<u>574,744</u>	<u>574,744</u>	<u>-</u>
	<u>\$ 9,877</u>	<u>\$ 3,483,384</u>	<u>\$ 3,480,515</u>	<u>\$ 12,746</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Analysis of Restricted Cash
December 31, 2021

	<u>Restricted Gifts</u>	<u>Endowment Gifts</u>	<u>Grants</u>	<u>Subtotal</u>	<u>Friends</u>	<u>Total</u>
Cash balance, January 1, 2021	\$ 54,469	\$ 61,724	\$ 36,483	\$ 152,676	\$ 9,946	\$ 162,622
Receipts						
Revenue	10,444	137,852	29,237	177,533	77,905	255,438
Interest	<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>4</u>	<u>27</u>
Subtotal receipts	<u>10,467</u>	<u>137,852</u>	<u>29,237</u>	<u>177,556</u>	<u>77,909</u>	<u>255,465</u>
Restricted for operating fund	64,936	199,576	65,720	330,232	87,855	418,087
Disbursements						
Expenditures	<u>29,330</u>	<u>115,916</u>	<u>29,719</u>	<u>174,965</u>	<u>71,550</u>	<u>246,515</u>
Cash balance, December 31, 2021	<u>\$ 35,606</u>	<u>\$ 83,660</u>	<u>\$ 36,001</u>	<u>\$ 155,267</u>	<u>\$ 16,305</u>	<u>\$ 171,572</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Capital Projects – Improvement Authorizations
December 31, 2021

<u>Project</u>	<u>Year Authorized</u>	<u>Improvements Authorized</u>	<u>Improvement Balances January 1, 2021</u>	<u>Improvements Authorized in 2021</u>	<u>Improvements Expended or Canceled in 2021</u>	<u>Improvement Balances December 31, 2021</u>
Restroom Upgrades	2017	\$ 10,000	\$ 3,315	\$ -	\$ (3,315)	\$ -
Video Surveillance System	2017	150,000	6,007	-	(1,618)	4,389
Technology Upgrades	2018	95,000	12	-	-	12
Restroom Upgrades/ Fountains	2019	101,000	101,000	-	(25,685)	75,315
YS Power Supply & Furniture	2019	51,000	42,536	-	-	42,536
Furniture/Equipment	2019	50,000	40,116	-	(9,959)	30,157
Technology Replacements	2019	85,500	9,581	-	(9,581)	-
Restroom Upgrades 2021	2021	-	-	33,000	-	33,000
Exterior Door Replacements 2021	2021	-	-	60,000	-	60,000
Mechanical Shades Software/Controllers	2021	-	-	25,000	-	25,000
Furniture & Equipment	2021	-	-	17,000	-	17,000
Technology Upgrades 2021	2021	-	-	55,000	(31,477)	23,523
		<u>\$ 542,500</u>	<u>\$ 202,567</u>	<u>\$ 190,000</u>	<u>\$ (81,635)</u>	<u>\$ 310,932</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Capital Distributions from Municipality
December 31, 2021

	<u>Due From Municipality January 1, 2021</u>	<u>Projects Authorized 2021</u>	<u>Due From Municipality in 2021</u>	<u>Total Cash Received 2021</u>	<u>Due From Municipality December 31, 2021</u>
Restroom Upgrades (2017)	\$ 5,475	\$ -	\$ 5,475	\$ 3,315	\$ 2,160
Video Surveillance System (2017)	6,007	-	6,007	1,618	4,389
Technology Upgrades (2018)	13	-	13	-	13
Restroom Upgrades/Fountains 2019	98,840	-	98,840	6,755	92,085
Furniture & Power Supply YS 2019	42,536	-	42,536	-	42,536
Furniture & Equipment 2019	40,766	-	40,766	6,056	34,710
Technology Replacements 2019	5,000	-	5,000	5,000	-
Restroom Upgrades 2021	-	33,000	33,000	-	33,000
Exterior Door Replacements 2021	-	60,000	60,000	-	60,000
Mechanical Shades Software/Controllers	-	25,000	25,000	-	25,000
Furniture & Equipment	-	17,000	17,000	-	17,000
Technology Upgrades 2021	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>31,476</u>	<u>23,524</u>
	<u>\$ 198,637</u>	<u>\$ 190,000</u>	<u>\$ 388,637</u>	<u>\$ 54,220</u>	<u>\$ 334,417</u>

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Roster of Officials
Year Ended December 31, 2021

<u>Members of the Board of Trustees</u>	<u>Title</u>	<u>Term Expires(d)</u>
Robert Ginsberg	PPS Designee	Continuous
Barak Bar-Cohen	Treasurer	1/1/2024
Yamile Slebi		1/1/2023
Edwina Hawes		1/1/2027
Ruth Miller	President	1/1/2022
Pamela Wakefield		1/1/2023
Jennifer Jang	Vice President	7/21/2021
Christopher Van Buren		1/1/2025
Edward Felten		1/1/2026
Eve Niedergang	Mayor's Designee	1/1/2023
<hr/>		
Jennifer Podolsky	Executive Director	As of February 2020

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Findings and Recommendations
Year Ended December 31, 2021

Schedule of Financial Statement Findings

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

See Independent Auditor's Report.

The Trustees of the Free Public Library of Princeton, New Jersey
Schedule of Prior Year Findings and Recommendations
Year Ended December 31, 2021

Schedule of Prior Year Financial Statement Findings

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

See Independent Auditor's Report.