

THE TOWNSHIP OF MIDDLETOWN

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Organized December 14, 1667
"Pride in Middletown"

MEMORANDUM

TO: Committeeman Fiore
FROM: Nicola Trasente
DATE: May 10, 2013
RE: Library Reserves

As you know, at the end of each year the balance of the municipalities operating budget becomes a reserve budget for the next year. The purpose of the reserve budget is to allow for the payment of the prior year's bills that may not have been encumbered as of the end of that year. As a result, each year, the prior year's reserve lapses to fund balance (Surplus). This is also true for the balance in the municipal allocation for the library budget. However, instead of lapsing to fund balance, the balance is set up in a non-budget line item so that the Library Director can use it as she sees fit towards the operations of the Library.

Each year, after verification of these balances and obtaining adjustments from or auditors, we make this balance available to the Library Director through Edmunds, our online budgeting system. Every year, the Library Director is extremely diligent in following up when this happens and how much is available.

At the end of 2011, and prior to lapsing the 2011 reserve into the account, the library reserve had about a \$34,000.00 balance. The library began using those funds for various purchases and continued until about the beginning of March 2012. At that time the balance was a little over \$3,700.00. After our Audit was performed near the end of September, our auditor gave us the audit adjustments that included an adjustment to the Library Reserve increasing it by \$156,298.33 which gave it a balance of 160,029.70 available for use at that time. The adjustment was due to an oversight by the auditors during the completion of the AFS earlier that year. This amount, added to the lapsing 2011 reserve budget of \$49,124.63 and the \$3,700.00 balance mentioned above increased the available balance to \$209,153.70 as of December 2012. That balance was available for use and the account number used is the same number that has been used every year with the exception of the first digit which changes according to the year we are in. All departments are aware of that, including the Library.

