

**SCRANTON PUBLIC LIBRARY**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020  
AND  
INDEPENDENT AUDITORS' REPORT  
AND  
SUPPLEMENTARY INFORMATION**

SCRANTON PUBLIC LIBRARY

TABLE OF CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT ON THE AUDIT<br>OF THE FINANCIAL STATEMENTS  | 1 - 3       |
| STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -<br>MODIFIED CASH BASIS   | 4           |
| STATEMENTS OF SUPPORT, REVENUES AND EXPENSES -<br>MODIFIED CASH BASIS   | 5           |
| STATEMENTS OF FUNCTIONAL EXPENSES -<br>MODIFIED CASH BASIS  | 6           |
| NOTES TO FINANCIAL STATEMENTS   | 7 - 19      |
| SUPPLEMENTARY INFORMATION:  |             |
| SCHEDULES OF OPERATING WORKING CAPITAL  | 20          |
| REPORT ON INTERNAL CONTROL OVER FINANCIAL<br>REPORTING AND ON COMPLIANCE AND OTHER<br>MATTERS BASED ON AN AUDIT OF FINANCIAL<br>STATEMENTS PERFORMED IN ACCORDANCE WITH<br><i>GOVERNMENT AUDITING STANDARDS</i> | 21 - 22     |

To the Board of Directors  
Lackawanna County Library Board and  
The Board of the Scranton Public Library

**Independent Auditors' Report on the Audit of the Financial Statements**

**Auditor's Opinion**

We have audited the accompanying financial statements of the Scranton Public Library (the Library), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of support, revenues and expenses – modified cash basis, and the statements of functional expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of the Scranton Public Library as of December 31, 2021 and 2020, and the changes in its net assets – modified cash basis for the years then ended in accordance with the basis of accounting described in Note 1.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the the Audit of 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with, as described in Note 1, the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for the period ending February 11, 2023.

## **Emphasis on Matters**

As discussed in Note 1 to the financial statements, during the year ended December 31, 2020, the Library adopted new accounting guidance with respect to several pronouncements from the Financial Accounting Standards Board (FASB). Our opinion is not modified with respect to the adoption of these pronouncements.

## **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 issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional 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 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 entity'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.



## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of working capital are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 February 11, 2022 on our consideration of the Scranton Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Scranton Public Library's internal control over financial reporting and compliance.



Dunmore, Pennsylvania  
February 11, 2022

**SCRANTON PUBLIC LIBRARY**

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2021 AND 2020

|   | <u>2021</u>            | <u>2020</u>            |
|---|------------------------|------------------------|
| <u>ASSETS</u>                                     |                        |                        |
| CURRENTS ASSETS:                                  |                        |                        |
| Cash  | \$ 919,539             | \$ 793,173             |
| Prepaid expenses                                  | <u>65,035</u>          | <u>167,545</u>         |
| Total current assets                              | <u>984,574</u>         | <u>960,718</u>         |
| <br>PROPERTY, FURNISHINGS AND<br>COLLECTIONS, NET | <br><u>2,403,627</u>   | <br><u>2,503,306</u>   |
| <br>OTHER ASSETS:                                 |                        |                        |
| Security deposit                                  | 500                    | 553                    |
| Long-term investments                             | 932,181                | 869,109                |
| Endowment funds                                   | <u>141,981</u>         | <u>125,362</u>         |
| Total other assets                                | <u>1,074,662</u>       | <u>995,024</u>         |
| <br>TOTAL ASSETS                                  | <br><u>\$4,462,863</u> | <br><u>\$4,459,048</u> |
| <br><u>LIABILITIES AND NET ASSETS</u>             |                        |                        |
| CURRENT LIABILITIES:                              |                        |                        |
| Current portion of long-term debt                 | \$ 24,560              | \$ 26,682              |
| Payroll withholdings payable                      | 17,507                 | 15,207                 |
| Sales tax payable                                 | 1,316                  | 740                    |
| Deferred accounts                                 | <u>454,706</u>         | <u>419,674</u>         |
| Total current liabilities                         | <u>498,089</u>         | <u>462,303</u>         |
| <br>LONG-TERM LIABILITIES:                        |                        |                        |
| Long-term debt                                    | <u>411,216</u>         | <u>445,734</u>         |
| <br>TOTAL LIABILITIES                             | <br><u>909,305</u>     | <br><u>908,037</u>     |
| <br>NET ASSETS:                                   |                        |                        |
| Without donor restrictions                        | 3,411,577              | 3,425,649              |
| With donor restrictions                           | <u>141,981</u>         | <u>125,362</u>         |
| Total   | <u>3,553,558</u>       | <u>3,551,011</u>       |
| <br>TOTAL LIABILITIES AND NET ASSETS              | <br><u>\$4,462,863</u> | <br><u>\$4,459,048</u> |

See accompanying notes.

**SCRANTON PUBLIC LIBRARY**

STATEMENTS OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

|  | Net Assets<br>Without Donor<br>Restrictions | Net Assets<br>With Donor<br>Restrictions | 2021<br>Total       | 2020<br>Memorandum<br>Total |
|--|---|--|---------------------|-----------------------------|
| SUPPORT, REVENUES AND<br>RECLASSIFICATIONS:    |   |  |                     |                             |
| General state aid                              | \$ 461,879                                  | \$ -                                     | \$ 461,879          | \$ 461,879                  |
| DLC aid  | 327,760                                     | -  | 327,760             | 257,991                     |
| County coordination aid                        | 272,000                                     | -  | 272,000             | 272,000                     |
| Local government revenue                       | 1,466,915                                   | -  | 1,466,915           | 1,735,908                   |
| Investment return                              | 106,510                                     | 22,540                                   | 129,050             | 129,817                     |
| Fundraising and monetary donations             | 263,155                                     | -  | 263,155             | 220,907                     |
| Grants   | 73,376                                      | -  | 73,376              | 33,731                      |
| PPP grant income                               | 364,498                                     | -  | 364,498             | 459,187                     |
| Fine, fees and other library generated revenue | 45,846                                      | -  | 45,846              | 40,194                      |
| Technology and technical service income        | 1,207                                       | -  | 1,207               | -                           |
| Miscellaneous income                           | 19,665                                      | -  | 19,665              | 15,340                      |
| Loss on disposition of asset                   | -   | -  | -                   | (917)                       |
| Transfers                                      | 5,921                                       | (5,921)                                  | -                   | -                           |
| Total  | <u>3,408,732</u>                            | <u>16,619</u>                            | <u>3,425,351</u>    | <u>3,626,037</u>            |
| EXPENSES:                                      |   |  |                     |                             |
| Program services                               | 2,564,801                                   | -  | 2,564,801           | 2,493,196                   |
| Management and general                         | 729,748                                     | -  | 729,748             | 659,435                     |
| Fundraising                                    | 128,255                                     | -  | 128,255             | 67,393                      |
| Total  | <u>3,422,804</u>                            | <u>-</u>                                 | <u>3,422,804</u>    | <u>3,220,024</u>            |
| CHANGES IN NET ASSETS                          | (14,072)                                    | 16,619                                   | 2,547               | 406,013                     |
| NET ASSETS - BEGINNING                         | <u>3,425,649</u>                            | <u>125,362</u>                           | <u>3,551,011</u>    | <u>3,144,998</u>            |
| NET ASSETS - ENDING                            | <u>\$ 3,411,577</u>                         | <u>\$ 141,981</u>                        | <u>\$ 3,553,558</u> | <u>\$ 3,551,011</u>         |

See accompanying notes.

**SCRANTON PUBLIC LIBRARY**

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

|                                       | Program<br>Services | Management<br>and General | Fund<br>Raising   | 2021<br>Total       | 2020<br>Memorandum<br>Total |
|---------------------------------------|---------------------|---------------------------|-------------------|---------------------|-----------------------------|
| SALARY AND WAGE EXPENDITURES          | \$ 1,458,886        | \$ 308,597                | \$ -              | \$ 1,767,483        | \$ 1,749,583                |
| BENEFIT EXPENDITURES:                 |                     |                           |                   |                     |                             |
| Payroll taxes                         | 121,389             | 24,732                    | -                 | 146,121             | 140,214                     |
| Health insurance                      | 203,938             | 35,243                    | -                 | 239,181             | 235,384                     |
| Pension benefits                      | 54,861              | 13,666                    | -                 | 68,527              | 70,911                      |
| Disability and Life insurance         | 6,571               | 2,553                     | -                 | 9,124               | 8,345                       |
| Other benefits                        | 653                 | -                         | -                 | 653                 | 3,026                       |
| Worker's Compensation insurance       | 12,098              | 2,559                     | -                 | 14,657              | 18,487                      |
| SERIALS                               | 9,320               | -                         | -                 | 9,320               | 9,682                       |
| ELECTRONIC MATERIALS                  | 122,999             | -                         | -                 | 122,999             | 83,158                      |
| LIBRARY SUPPLIES                      | 84,540              | -                         | -                 | 84,540              | 52,803                      |
| FURNITURE AND EQUIPMENT               | -                   | 4,471                     | -                 | 4,471               | 3,413                       |
| INTEREST EXPENSE                      | -                   | 15,167                    | -                 | 15,167              | 15,781                      |
| COMPUTERS AND SOFTWARE                | 154,311             | -                         | -                 | 154,311             | 143,893                     |
| MAINTENANCE:                          |                     |                           |                   |                     |                             |
| Equipment maintenance                 | -                   | 20,445                    | -                 | 20,445              | 8,882                       |
| Maintenance supplies                  | -                   | 8,610                     | -                 | 8,610               | 12,960                      |
| Buildings and Grounds maintenance     | -                   | 54,251                    | -                 | 54,251              | 33,579                      |
| Vehicle expense                       | -                   | 9,644                     | -                 | 9,644               | 8,283                       |
| Delivery vehicle expense              | -                   | 13,656                    | -                 | 13,656              | 12,529                      |
| Bookmobile expense                    | -                   | 7,429                     | -                 | 7,429               | 8,914                       |
| INSURANCE                             | -                   | 45,741                    | -                 | 45,741              | 46,780                      |
| UTILITIES                             | -                   | 42,776                    | -                 | 42,776              | 33,882                      |
| POSTAGE                               | -                   | 16,045                    | -                 | 16,045              | 19,533                      |
| OFFICE SUPPLIES:                      |                     |                           |                   |                     |                             |
| Copier expense                        | 10,340              | -                         | -                 | 10,340              | 9,806                       |
| Office supplies                       | -                   | 961                       | -                 | 961                 | 1,680                       |
| TELEPHONE                             | -                   | 50,331                    | -                 | 50,331              | 51,123                      |
| PUBLIC RELATIONS AND LIBRARY PROGRAMS | 7,341               | -                         | -                 | 7,341               | 5,224                       |
| CONTRACTED SERVICES                   | -                   | 34,427                    | -                 | 34,427              | 31,661                      |
| TRAINING, TRAVEL AND CONFERENCES      | 12,260              | -                         | -                 | 12,260              | 6,414                       |
| DUES AND MEMBERSHIPS                  | 5,786               | -                         | -                 | 5,786               | 4,949                       |
| RENT EXPENSE                          | 19,200              | -                         | -                 | 19,200              | 19,200                      |
| FUNDRAISING COSTS                     | -                   | -                         | 128,255           | 128,255             | 67,393                      |
| TRUST FEES                            | -                   | 12,424                    | -                 | 12,424              | 7,308                       |
| DEPRECIATION                          | 280,308             | 6,020                     | -                 | 286,328             | 295,244                     |
| <b>TOTAL</b>                          | <b>\$ 2,564,801</b> | <b>\$ 729,748</b>         | <b>\$ 128,255</b> | <b>\$ 3,422,804</b> | <b>\$ 3,220,024</b>         |

See accompanying notes.



## SCRANTON PUBLIC LIBRARY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### ORGANIZATION:

The Scranton Public Library (the "Library") is a non-membership Pennsylvania Not-For-Profit corporation that is exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986. The Library has been classified as other than a private foundation.

##### BASIS OF ACCOUNTING:

The financial statements have been prepared using a modified cash basis method of accounting. Provision has not been made for accounts receivable, payable or accrued expenses. Deferred revenues have been recorded when appropriate. Certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

##### BASIS OF PRESENTATION:

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Library uses the following classification to distinguish among restrictions:

##### *Net Assets without Donor Restrictions:*

Net assets without donor restrictions include all contributions received without donor restrictions, and all revenue and expenses. Net asset without donor restrictions include both undesignated and board designated funds.

Undesignated net assets without donor restrictions may be used at the discretion of management to support the mission of the Library and consist of net assets accumulated from the results of operations.

Board designated net assets without donor restrictions are subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investments, contingencies, purchase or construction of fixed assets, or other uses.

##### *Net Assets with Donor Restrictions:*

Net assets with donor restrictions include contributions that have donor-imposed restrictions that limit the use of the donated assets. When a donor's restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

##### COMPARATIVE FINANCIAL INFORMATION:

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Library's financial statements as of and for the year ended December 31, 2020, from which the summarized information was derived.

##### FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, which is determined by management.

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**USE OF ESTIMATES:**

The preparation of financial statements in conformity with the modified cash basis method of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**SUPPORT AND REVENUE:**

Contributions of cash and other assets and grants are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenues and expenses as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution or grant is received, the Library reports the support as net assets without donor restrictions.

Endowment contributions and investments are net assets with donor restrictions. Investment earnings that are available to be distributed are recorded net assets without donor restrictions support.

**CASH AND CASH EQUIVALENTS:**

The Library considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**PROPERTY, FURNISHINGS AND COLLECTIONS:**

Leasehold improvements, significant expenditures for equipment and furnishings and collections of books, videos and audio materials are stated at cost or market value at the time of donation. Insignificant expenditures for equipment and furnishings or repairs are expensed at the time of purchase. Depreciation has been provided on general fixed assets using the straight-line method over the following estimated useful lives:

| <u>Description</u>       | <u>Estimated<br/>Useful Life</u> |
|--------------------------|----------------------------------|
| Leasehold improvements   | 5-50 Years                       |
| Bookmobile               | 10 Years                         |
| Transportation equipment | 5 Years                          |
| Furniture and equipment  | 5 Years                          |

**INVESTMENTS:**

The Library has adopted FASB (Financial Accounting Standards Board) ASC 958-320-50-1, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under FASB ASC 958-320-50-1, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of assets, liabilities and net assets – modified cash basis. Unrealized gains and losses are included in the change in net assets. Investment income and gains from assets restricted by a donor are reported as increases in net assets without donor restrictions, if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(continued)



**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**INCOME TAXES:**

The Library qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes except for taxes on unrelated business income.

The Library adopted previously deferred guidance related to uncertain tax positions. FASB ASC 740-10 and related subsections prescribes rules for recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Library's tax returns. As a result of implementing this guidance, management has determined that the Library does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements and related disclosures

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Library's tax returns will not be challenged by the taxing authorities and that the Library will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Library's tax returns remain open for federal income tax examination for three years from the date of filing.

**DONATED FACILITIES**

The Scranton Public Library Authority, a governmental body created by the city of Scranton, provides the Library with its facilities located at 500 Vine Street, Scranton, Pennsylvania, 1032 Green Ridge Street, Scranton, Pennsylvania and 2006 North Main Avenue, Scranton, Pennsylvania, at a nominal rent of \$1 per year. Under the modified cash basis of accounting, no recognition of rent revenue and rent expense from this arrangement is required.

**NEW ACCOUNTING STANDARDS:**

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash. ASU No. 2016-18 requires that a statement of cash flows explain the change during a period in the total cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-the-period and the end-of-the-period total amounts showing on the statement of cash flows. As the Library's financial statements are not prepared in accordance with Generally Accepted Accounting Principles, the adoption of this standard is not relevant.

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in the ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Library adopted the guidance in ASU No. 2018-08 effective January 1, 2020. The adoption of this guidance did not have a material impact on the financial statements of the Library for the years ended December 31, 2021 and 2020.

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**NEW ACCOUNTING STANDARDS: (Continued)**

In May 2014, the FASB issued ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606), which adoption was deferred until years beginning after December 2018. The Library adopted the guidance in ASU 2014-09, as relating to not-for-profit entities, the adoption of which guidance did not have a material impact on the financial statements of the Library for the years ended December 31, 2021 and 2020, as it excludes investment income, donor contributions and certain other revenue streams.

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU is specific to gifts-in-kind by requiring more prominent presentation of contributed nonfinancial assets and enhanced disclosures about the valuation of those contributions and their use in programs and other activities, including donor-imposed restrictions on such use. Although the adoption of the ASU is effective for years beginning after June 15, 2021, the Library has retroactively adopted the ASU for the year ended December 31, 2020, which adoption is allowed. The adoption of this guidance did not have a material impact on the financial statement of the Library for the years ended December 31, 2021 and 2020.

**DATE OF MANAGEMENT EVALUATION:**

Management has evaluated subsequent events through February 11, 2022, the date on which the financial statements were available to be issued and other than the final determination of the impact of the Covid-19 pandemic, no subsequent events have been determined to have an effect on the financial statements as presented (See Note 17).

**NOTE 2 - LACKAWANNA COUNTY LIBRARY BOARD - ALLOCATION:**

Pursuant to a 1982 referendum vote in Lackawanna County, an authorized levy of special taxes on County real estate assessed valuations was instituted. For 2021 and 2020, this millage was 2.82 mills. This levy is in accordance with Articles 401 and 411 of the Commonwealth of Pennsylvania Library Code. Within Lackawanna County, the monies collected from this levy are to be used for the exclusive purpose of the establishment and/or maintenance of local libraries and library services.

In conjunction with the authorized special levy, the Commissioners of Lackawanna County named a Board of Directors to establish, develop, and maintain library services within the County and to exercise control and afford direction to the disbursements of appropriated monies.

Seven (7) member libraries, one of which is the Scranton Public Library, are now members of the Lackawanna County Library System, availing themselves of the funding and services of this County Library Board.

(continued)



**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 - LACKAWANNA COUNTY LIBRARY BOARD - ALLOCATION: (Continued)**  
The 2021 and 2020 allocation to Scranton Public Library consisted of the following:

|                         | <u>2021</u>                | <u>2020</u>                |
|-------------------------|----------------------------|----------------------------|
| <b>County:</b>          |                            |                            |
| Operating funds         | \$ 1,344,968               | \$ 1,389,660               |
| Bookmobile allocation   | 85,658                     | 141,000                    |
| Technology allocation   | <u>36,289</u>              | <u>205,248</u>             |
| Sub-total               | <u>1,466,915</u>           | <u>1,735,908</u>           |
| <b>State:</b>           |                            |                            |
| General state aid       | 461,879                    | 461,879                    |
| County coordination aid | <u>272,000</u>             | <u>272,000</u>             |
| Sub-total               | <u>733,879</u>             | <u>733,879</u>             |
| <b>Total</b>            | <u><u>\$ 2,200,794</u></u> | <u><u>\$ 2,469,787</u></u> |

**NOTE 3 - PROPERTY, FURNISHINGS AND COLLECTIONS:**  
The changes in property, furnishings and collections and their related accumulated depreciation amounts are reflected below:

|                | <u>Assets</u>              |                          |                            |                            | <u>Accumulated Depreciation</u> |                          |                            |                            |                            |
|----------------|----------------------------|--------------------------|----------------------------|----------------------------|---------------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
|                | <u>Balance</u>             | <u>Additions</u>         | <u>Deletions</u>           | <u>Balance</u>             | <u>Balance</u>                  | <u>2021</u>              | <u>Deletions</u>           | <u>Balance</u>             | <u>Net Book</u>            |
|                | <u>1/1/21</u>              |                          |                            | <u>12/31/21</u>            | <u>1/1/21</u>                   | <u>Expense</u>           |                            | <u>12/31/21</u>            | <u>Value</u>               |
| Leasehold      |                            |                          |                            |                            |                                 |                          |                            |                            |                            |
| Improvements   | \$ 3,003,181               | \$ -                     | \$ -                       | \$ 3,003,181               | \$ 1,009,588                    | \$ 60,199                | \$ -                       | \$ 1,069,787               | \$ 1,933,394               |
| Bookmobile     | 211,179                    | -                        | -                          | 211,179                    | 211,179                         | -                        | -                          | 211,179                    | -                          |
| Transportation |                            |                          |                            |                            |                                 |                          |                            |                            |                            |
| Equipment      | 92,483                     | -                        | -                          | 92,483                     | 34,695                          | 13,159                   | -                          | 47,854                     | 44,629                     |
| Furniture &    |                            |                          |                            |                            |                                 |                          |                            |                            |                            |
| Equipment      | 389,456                    | -                        | -                          | 389,456                    | 302,374                         | 23,854                   | -                          | 326,228                    | 63,228                     |
| Collections    | <u>1,222,672</u>           | <u>186,648</u>           | <u>(224,574)</u>           | <u>1,184,746</u>           | <u>857,828</u>                  | <u>189,116</u>           | <u>(224,574)</u>           | <u>822,370</u>             | <u>362,376</u>             |
| <b>Total</b>   | <u><u>\$ 4,918,971</u></u> | <u><u>\$ 186,648</u></u> | <u><u>\$ (224,574)</u></u> | <u><u>\$ 4,881,045</u></u> | <u><u>\$ 2,415,664</u></u>      | <u><u>\$ 286,328</u></u> | <u><u>\$ (224,574)</u></u> | <u><u>\$ 2,477,418</u></u> | <u><u>\$ 2,403,627</u></u> |

**NOTE 4 - INVESTMENTS:**  
The Library held the following investments at December 31, 2021 and 2020:

|                   | <u>2021</u>              | <u>2020</u>              |
|-------------------|--------------------------|--------------------------|
| <b>Long-Term:</b> |                          |                          |
| Mutual Funds      | <u><u>\$ 932,181</u></u> | <u><u>\$ 869,109</u></u> |

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 4 - INVESTMENTS: (Continued)**

Short-term and long-term investments are stated at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2021 and 2020 are summarized as follows:

|   | <u>2021</u>       |                   |   |
|---|-------------------|-------------------|---|
|   | <u>Cost</u>       | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
| Investments without donor restriction - |                   |                   |   |
| Board designated                        | \$ 816,942        | \$ 932,181        | \$ 115,239                                    |
| Total                                   | <u>\$ 816,942</u> | <u>\$ 932,181</u> | <u>\$ 115,239</u>                             |

|   | <u>2020</u>       |                   |   |
|---|-------------------|-------------------|---|
|   | <u>Cost</u>       | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
| Investments without donor restriction - |                   |                   |   |
| Board designated                        | \$ 741,895        | \$ 869,109        | \$ 127,214                                    |
| Total                                   | <u>\$ 741,895</u> | <u>\$ 869,109</u> | <u>\$ 127,214</u>                             |

The following schedule summarizes the investment return and the classification in the statement of activities for the years ended:

|  | <u>2021</u>                                  |   |                   |
|--|--|---|-------------------|
|  | <u>Net Assets Without Donor Restrcitions</u> | <u>Net Assets With Donor Restrcitions</u> | <u>Total</u>      |
| Interest and dividend income                 | \$ 63,564                                    | \$ -                                      | \$ 63,564         |
| Net realized and unrealized gains and losses | <u>42,946</u>                                | <u>22,540</u>                             | <u>65,486</u>     |
| Total investment return                      | <u>\$ 106,510</u>                            | <u>\$ 22,540</u>                          | <u>\$ 129,050</u> |

|  | <u>2020</u>                                  |   |                   |
|--|--|---|-------------------|
|  | <u>Net Assets Without Donor Restrcitions</u> | <u>Net Assets With Donor Restrcitions</u> | <u>Total</u>      |
| Interest and dividend income                 | \$ 36,779                                    | \$ -                                      | \$ 36,779         |
| Net realized and unrealized gains and losses | <u>76,785</u>                                | <u>16,253</u>                             | <u>93,038</u>     |
| Total investment return                      | <u>\$ 113,564</u>                            | <u>\$ 16,253</u>                          | <u>\$ 129,817</u> |

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 - FAIR VALUE MEASUREMENTS:**

FASB ASC No. 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly and Level 3 unobservable inputs in which there is little or no market data, which requires the Library to develop its own assumptions. The Library uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Library measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurement of assets recognized in the accompanying statements of assets, liabilities and net assets – modified cash basis measured at fair value on a recurring basis and the level within the FASB ASC No. 820 fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

|                                | <u>December 31, 2021</u> |                   |                   |                  |
|--------------------------------|--------------------------|-------------------|-------------------|------------------|
|                                | <u>Total</u>             | <u>(Level 1)</u>  | <u>(Level 2)</u>  | <u>(Level 3)</u> |
| Investments:                   |                          |                   |                   |                  |
| Mutual funds                   | <u>\$ 932,181</u>        | <u>\$ 932,181</u> | <u>\$ -</u>       | <u>\$ -</u>      |
| Endowment funds held by others | <u>\$ 141,981</u>        | <u>\$ -</u>       | <u>\$ 141,981</u> | <u>\$ -</u>      |
|                                |                          |                   |                   |                  |
|                                | <u>December 31, 2020</u> |                   |                   |                  |
|                                | <u>Total</u>             | <u>(Level 1)</u>  | <u>(Level 2)</u>  | <u>(Level 3)</u> |
| Investments:                   |                          |                   |                   |                  |
| Mutual funds                   | <u>\$ 869,109</u>        | <u>\$ 869,109</u> | <u>\$ -</u>       | <u>\$ -</u>      |
| Endowment funds held by others | <u>\$ 125,362</u>        | <u>\$ -</u>       | <u>\$ 125,362</u> | <u>\$ -</u>      |

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 6 – ENDOWMENT FUNDS**

The Library's board, in prior years, established permanent agency endowment funds under the control of a public community foundation. As such, the public community foundation exercises complete control over the funds' investment policy and has final authority and control over all property held in the funds, and the income derived therefrom. The funds are the property of the public community foundation and are not deemed to be trust funds held by it as a trustee. The Library receives distributions from the funds in support of its mission.

The established funds are as follows:

1. The Scranton Public Library Memorial Fund:

The income derived from this fund can be used for the general purposes of the Library.

2. The Marion Isaacs Fund:

The income derived from this fund can be used for purchasing children's books for the Library.

Although the Commonwealth of Pennsylvania has not enacted a state law following the Uniform Prudent Management of Institutional Funds Act, the Library follows the applicable provisions in regard to its establishment of an endowment fund. The applicable provisions require a preservation of the fair value of the original gift as of the gift date. As a result of this interpretation, the Library classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund.

The endowment net asset composition is as follows for the years ended December 31, 2021 and 2020:

| December 31, 2021                            |  |                                       |            |
|--|--|---------------------------------------|------------|
|  | Net Assets Without<br>Donor Restrictions | Net Assets With<br>Donor Restrictions | Total      |
| The Scranton Public Library<br>Memorial Fund | \$ -                                     | \$ 124,241                            | \$ 124,241 |
| The Marion Isaacs Fund                       | -  | 17,740                                | 17,740     |
| Total  | \$ -                                     | \$ 141,981                            | \$ 141,981 |
| December 31, 2020                            |  |                                       |            |
|  | Net Assets Without<br>Donor Restrictions | Net Assets With<br>Donor Restrictions | Total      |
| The Scranton Public Library<br>Memorial Fund | \$ -                                     | \$ 109,289                            | \$ 109,289 |
| The Marion Isaacs Fund                       | -  | 16,073                                | 16,073     |
| Total  | \$ -                                     | \$ 125,362                            | \$ 125,362 |

(continued)



**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 6 – ENDOWMENT FUNDS (Continued)**

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

|   | Net Assets<br>Without Donor<br><u>Restrictions</u> | Net Assets<br>With Donor<br><u>Restrictions</u> | <u>Total</u>      |
|---|--|---|-------------------|
| Endowment net assets,<br>December 31, 2019  | \$ -   | \$ 113,493                                      | \$ 113,493        |
| Additional contributions                    | -  | 1,454   | 1,454             |
| Investment return:                          |  |   |                   |
| Realized and unrealized<br>gains and losses | -  | 16,159  | 16,159            |
| Fund earnings                               | -  | 1,970   | 1,970             |
| Investment fees                             | -  | (583)   | (583)             |
| Administrative fees                         | -  | (1,471)   | (1,471)           |
| Distributions                               | -  | (5,660)   | (5,660)           |
| Endowment net assets,<br>December 31, 2020  | -  | 125,362   | 125,362           |
| Additional contributions                    | -  | 3,590   | 3,590             |
| Investment return:                          |  |   |                   |
| Realized and unrealized<br>gains and losses | -  | 18,992  | 18,992            |
| Fund earnings                               | -  | 1,843   | 1,843             |
| Investment fees                             | -  | (632)   | (632)             |
| Administrative fees                         | -  | (1,254)   | (1,254)           |
| Distributions                               | -  | (5,920)   | (5,920)           |
| Endowment net assets,<br>December 31, 2021  | <u>\$ -</u>  | <u>\$ 141,981</u>                               | <u>\$ 141,981</u> |

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 - LINE OF CREDIT:**

The library has in place with a local financial institution a line of credit in the amount of \$100,000. The line carries a variable interest rate set at the national prime rate. The line is secured by the annual funding from the Commonwealth of Pennsylvania. There is no specific expiration date. The line of credit can be terminated at the request of either the Library or the financial institution. The line was fully available on December 31, 2021.

**NOTE 8 - LONG-TERM DEBT:**

Long-term debt consists of the following on December 31, 2021 and 2020:

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| 3.54% Note payable to a local bank. Monthly installments of \$276, including principal and interest, to maturity in 2025. Secured by vehicle. Repaid in 2021.  | \$ -0-            | \$ 14,235         |
| 3.44% Note payable to a local bank. Monthly installments of \$249, including principal and interest, to maturity in 2025. Secured by vehicle.  | 8,949             | 11,576            |
| 3.25% \$500,000 Term Note payable to a local bank. Nine monthly installments of interest only, followed by Nineteen semi-annual installments of \$17,167, including principal and interest, with a balloon payment at maturity in 2028. Secured by library brokerage account assets. | <u>426,827</u>    | <u>446,605</u>    |
| Total  | 435,776           | 472,416           |
| Less: Current Portion  | <u>24,560</u>     | <u>26,682</u>     |
| Net Long-Term  | <u>\$ 411,216</u> | <u>\$ 445,734</u> |

Schedule of Maturities of Long-Term Debt on December 31, 2021:

|            |                   |
|------------|-------------------|
| 2022       | \$ 24,560         |
| 2023       | 25,371            |
| 2024       | 26,208            |
| 2025       | 24,552            |
| 2026       | 24,844            |
| Thereafter | <u>310,241</u>    |
| Total      | <u>\$ 437,776</u> |

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 9 – SBA PAYCHECK PROTECTION PROGRAM LOAN:**

In February 2021, pursuant to the Federal Small Business Administration's Paycheck Protection Program, Second Phase, the Library applied for, and was provided a loan in the amount of \$364,498, made available through a local bank. The Program is to afford financial assistance during the period of financial stress caused by the global pandemic related to the coronavirus, Covid-19. The Library's loan is to be forgiven and considered a grant upon the Library providing documentation supporting the specific purposes for which the financial assistance was given (employee payroll and related expenses). The Library had satisfied the eligibility and loan forgiveness requirements in the amount of \$364,498, and the loan was forgiven in September 2021. This forgiveness has been classified as grant support for the year-ended December 31, 2021.

Had the loan forgiveness requirements not been met, any unforgiven balance would be payable at an annual interest rate of 1.0%, with a final maturity of July 2022.

**NOTE 10 - DEFERRED ACCOUNTS**

This consists of various revenues which were received by the Library to be expended for specific purposes but were not disbursed by December 31, 2021 or 2020. The items which make up the deferred accounts are as follows:

|                                     | <u>2021</u>       | <u>2020</u>       |
|-------------------------------------|-------------------|-------------------|
| District Library Center Revenue     | \$ 144,765        | \$ -              |
| Lackawanna County Operating Revenue | 215,000           | 235,000           |
| Lackawanna County Special Revenue   | <u>94,941</u>     | <u>184,674</u>    |
| Total                               | <u>\$ 454,706</u> | <u>\$ 419,674</u> |

**NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED:**

Net assets without donor restrictions – board designated are as follows:

Wells Fargo Trust Account - This is an account combining various donor contributions which have accumulated since the Library's inception. The income derived from investor funds is distributable according to board restrictions for the improvement and upkeep of the main library facility. Any remaining income is to be reinvested and become part of the principal. This account collateralizes the Library's loan to the extent of 75% of the outstanding loan balance. This account totaled \$932,181 and \$869,109 on December 31, 2021 and 2020, respectively.

**NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are as follows:

Endowment funds as described in Note 6 – These funds totaled \$141,981 and \$125,362 on December 31, 2021 and 2020, respectively.

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 13 - CONCENTRATIONS OF CREDIT RISK:**

The Library maintains cash balances at several financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum aggregate amount per depositor of \$250,000. Balances in excess of the FDIC coverage are not insured. At December 31, 2021 and 2020, the Library's uninsured cash balances totaled \$228,472 and \$175,529, respectively.

Approximately Thirty-Seven Percent (37%) of the Library's labor force are members of, or are eligible to belong to, the Pennsylvania Social Services Union, Local 668 Service Employees International Union. The Library's current labor contract covers a five year period ending December 31, 2021.

**NOTE 14 - OPERATING LEASE:**

The Library leases its Marketplace at Steamtown facility under an operating lease whose term commenced May 1, 2020 and expires April 30, 2024. Rent expense under the current lease agreement was \$19,200 for 2021.

Future minimum rent payments under the current lease arrangement are as follows:

| <u>Year</u> | <u>Minimum Lease Payments</u> |
|-------------|-------------------------------|
| 2022        | \$ 19,200                     |
| 2023        | 19,200                        |
| 2024        | 19,200                        |
| 2025        | <u>6,400</u>                  |
| Total       | <u>\$ 64,000</u>              |

There are no sub-lease agreements.

**NOTE 15 - PENSION:**

The Library maintains a pension plan with deferral provisions under §403(b) of the Internal Revenue Code covering all eligible employees. Employer contributions were \$68,527 and \$70,911 for 2021 and 2020, respectively.

(continued)



**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Library has \$3,746,418 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. These assets consist of cash of \$919,539, a line of credit available in the amount of \$100,000, state aid of \$461,879, DLC aid of \$328,000, county coordination aid of \$272,000, local government revenue of \$1,467,000, grant revenue of \$73,000, expected net fund-raising proceeds of \$80,000 and expected library generated revenues of \$45,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Library has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$292,000 per month. The Library has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Library's financial assets available within one year of the balance sheet date for general expenditure are as follows:

|   | <u>2021</u>         |
|---|---------------------|
| Cash and cash equivalents                                       | \$ 919,539          |
| Line of credit available  | <u>100,000</u>      |
| Assets on hand at year end available for liquidity purposes     | 1,019,539           |
| Anticipated state aid   | 461,879             |
| Anticipated DLC aid   | 328,000             |
| Anticipated county coordination aid                             | 272,000             |
| Anticipated local government revenue                            | 1,467,000           |
| Anticipated grant revenue                                       | 73,000              |
| Expected net fund raising proceeds                              | 80,000              |
| Expected library generated revenues                             | <u>45,000</u>       |
| Financial assets available within one year of December 31, 2021 | <u>\$ 3,746,418</u> |

**NOTE 17 -IMPACT OF COVID-19 CORONAVIRUS:**

The long-term impact of the Covid-19 coronavirus pandemic cannot be determined; however, in the near-term, the Library continues to operate in accord with its mission and has not suffered from a substantive reduction in funding from grant sources. Additionally, considering the liquidity of the Library (refer to Note 16), there does not appear to be concern for curtailment of services through the next year. Accordingly, the financial condition and results of operations for the year ended December 31, 2021 have not been adjusted to reflect any possible impact.

(concluded)

## SUPPLEMENTARY INFORMATION

SCRANTON PUBLIC LIBRARY

SCHEDULES OF OPERATING WORKING CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

|   | <u>2021</u>       | <u>2020</u>      |
|---|-------------------|------------------|
| OPERATING WORKING CAPITAL - BEGINNING - LOCAL   | \$ -              | \$ -             |
| OPERATING WORKING CAPITAL - BEGINNING - DLC     | -                 | 144,995          |
| DLC AID   | 308,168           | 257,991          |
| GENERAL STATE AID                               | 461,879           | 461,879          |
| COUNTY COORDINATION AID                         | 272,000           | 272,000          |
| LOCAL GOVERNMENT REVENUE                        | 1,466,915         | 1,735,908        |
| DIVIDEND AND INTEREST REVENUE                   | 196               | 871              |
| VEHICLE LOAN PROCEEDS                           | -                 | 28,860           |
| FUNDRAISING AND MONETARY DONATIONS              | 263,155           | 220,907          |
| GRANTS  | 73,376            | 33,731           |
| PPP GRANT                                       | 364,498           | 459,187          |
| FINES, FEES AND OTHER LIBRARY GENERATED REVENUE | 66,718            | 55,534           |
| TRANSFERS TO OPERATING WORKING CAPITAL          | <u>227,625</u>    | <u>-</u>         |
| TOTAL BEGINNING BALANCES AND RECEIPTS           | <u>3,504,530</u>  | <u>3,671,863</u> |
| SALARY AND WAGE EXPENDITURES                    | 1,767,483         | 1,749,583        |
| BENEFIT EXPENDITURES                            | 478,263           | 476,367          |
| BOOKS   | 164,182           | 132,647          |
| SERIALS   | 9,320             | 9,682            |
| AUDIO-VISUAL MATERIALS                          | 22,468            | 23,876           |
| ELECTRONIC MATERIALS                            | 122,999           | 83,158           |
| LIBRARY SUPPLIES                                | 84,540            | 52,803           |
| MAJOR RENOVATIONS AND EQUIPMENT PURCHASES       | -                 | 65,792           |
| FURNITURE AND EQUIPMENT                         | 4,471             | 3,413            |
| COMPUTERS AND SOFTWARE                          | 154,311           | 143,893          |
| INTEREST PAID ON VEHICLE LOAN                   | 823               | 471              |
| PRINCIPAL PAID ON VEHICLE LOAN                  | 16,862            | 3,048            |
| INTEREST PAID ON TERM LOAN                      | 14,344            | 15,310           |
| PRINCIPAL PAID ON TERM LOAN                     | 19,777            | 19,102           |
| MAINTENANCE                                     | 114,035           | 85,147           |
| INSURANCE                                       | 45,741            | 46,780           |
| UTILITIES                                       | 42,776            | 33,882           |
| POSTAGE   | 16,045            | 19,533           |
| OFFICE SUPPLIES                                 | 11,301            | 11,486           |
| TELEPHONE                                       | 50,331            | 51,123           |
| PUBLIC RELATIONS AND LIBRARY PROGRAMS           | 7,341             | 5,224            |
| CONTRACTED SERVICES                             | 34,427            | 31,661           |
| TRAINING, TRAVEL AND CONFERENCE                 | 12,260            | 6,414            |
| DUES AND MEMBERSHIPS                            | 5,786             | 4,949            |
| RENT EXPENSE                                    | 19,200            | 19,200           |
| FUNDRAISING COSTS                               | 128,255           | 67,393           |
| TRUST FEES                                      | 12,424            | 7,308            |
| TRANSFERS FROM WORKING CAPITAL                  | <u>-</u>          | <u>502,618</u>   |
| TOTAL DISBURSEMENTS                             | <u>3,359,765</u>  | <u>3,671,863</u> |
| OPERATING WORKING CAPITAL - ENDING - LOCAL      | <u>\$ -</u>       | <u>\$ -</u>      |
| OPERATING WORKING CAPITAL - ENDING - DLC        | <u>\$ 144,765</u> | <u>\$ -</u>      |

See independent auditors' report.



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

To The Directors of the  
Lackawanna County Library System and  
the Board of the Scranton Public Library

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 Scranton Public Library, which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of support, revenues and expenses–modified cash basis and the statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Scranton Public 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barleth McHue, LLC*

Dunmore, Pennsylvania  
February 11, 2022