

TAYLOR COMMUNITY LIBRARY

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To the Board of Directors
Lackawanna County Library Board and
The Board of the Taylor Community Library

Independent Auditors' Report on the Audit of the Financial Statements

Auditor's Opinion

We have audited the accompanying financial statements of the Taylor Community Library (the Library), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023, and the related statements of support, revenues and expenses – modified cash basis, and the statements of functional expenses - modified cash basis for the year 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 Taylor Community Library as of December 31, 2023, and the changes in its net assets – modified cash basis for the year 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 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 a reasonable period of time.

Emphasis on Matters

As discussed in Note 1 to the financial statements, during the year ended December 31, 2022, the Library adopted new accounting guidance with respect to a pronouncement from the Financial Accounting Standards Board (FASB). Our opinion is not modified with respect to the adoption of this pronouncement.

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 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 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.

Other Matter – 2022 Financial Statements

The financial statements for the year ended December 31, 2022 were reviewed by us, and our report thereon, dated January 30, 2023, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with the modified cash basis method of accounting. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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 the purpose 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 January 30, 2024 on our consideration of the Taylor Community 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 Taylor Community Library's internal control over financial reporting and compliance.

Barbara McHale, LLC

Dunmore, Pennsylvania
January 30, 2024

TAYLOR COMMUNITY LIBRARY

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 90,093	\$ 72,036
PROPERTY, FURNISHINGS AND COLLECTIONS, NET	<u>64,124</u>	<u>59,264</u>
TOTAL ASSETS	<u>\$ 154,217</u>	<u>\$ 131,300</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Deferred revenue	<u>\$ 33,200</u>	<u>\$ 20,000</u>
Total current liabilities	<u>33,200</u>	<u>20,000</u>
NET ASSETS:		
Without donor restrictions	<u>121,017</u>	<u>111,300</u>
Total	<u>121,017</u>	<u>111,300</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 154,217</u>	<u>\$ 131,300</u>

See accompanying notes.

TAYLOR COMMUNITY LIBRARY

STATEMENTS OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Without Donor</u>	<u>With Donor</u>	<u>2023</u>	<u>2022</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Memorandum</u>
				<u>Total</u>
SUPPORT, REVENUES AND RECLASSIFICATIONS:				
General state aid	\$ 34,064	\$ -	\$ 34,064	\$ 29,055
Local government revenue	271,226	-	271,226	272,750
Investment return	58	-	58	47
Fundraising and monetary donations	41,442	-	41,442	21,726
Grants	2,847	-	2,847	26,000
Fines, fees and other library generated revenue	5,479	-	5,479	4,512
Total	<u>355,116</u>	<u>-</u>	<u>355,116</u>	<u>354,090</u>
EXPENSES:				
Program services	190,990	-	190,990	203,596
Management and general	119,426	-	119,426	112,868
Fundraising	34,983	-	34,983	25,632
Total	<u>345,399</u>	<u>-</u>	<u>345,399</u>	<u>342,096</u>
CHANGES IN NET ASSETS	9,717	-	9,717	11,994
NET ASSETS - BEGINNING	<u>111,300</u>	<u>-</u>	<u>111,300</u>	<u>99,306</u>
NET ASSETS - ENDING	<u>\$ 121,017</u>	<u>\$ -</u>	<u>\$ 121,017</u>	<u>\$ 111,300</u>

See accompanying notes.

TAYLOR COMMUNITY LIBRARY

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Program Services	Management and General	Fund Raising	2023 Total	2022 Memorandum Total
	\$ 116,178	\$ 71,781	\$ 16,269	\$ 204,228	\$ 203,325
SALARY AND WAGE EXPENDITURES					
BENEFIT EXPENDITURES:	9,289	5,888	1,377	16,554	16,477
Payroll taxes	23,151	13,022	2,411	38,584	29,469
Health insurance	120	780	300	1,200	1,200
Pension expense	48	313	121	482	482
Life insurance	492	304	69	865	1,003
Worker's compensation insurance	1,576	-	-	1,576	408
SERIALS	51	-	-	51	332
LIBRARY SUPPLIES	760	-	-	760	824
FURNITURE AND EQUIPMENT					
MAINTENANCE:	-	482	-	482	895
Equipment maintenance	-	2,965	-	2,965	5,661
Building and grounds maintenance	-	4,629	-	4,629	5,314
INSURANCE	-	14,140	-	14,140	18,494
UTILITIES	-	476	-	476	199
POSTAGE	-	736	-	736	2,529
OFFICE SUPPLIES	-	3,910	-	3,910	3,079
TELEPHONE	6,042	-	-	6,042	13,847
PUBLIC RELATIONS AND LIBRARY PROGRAMS	2,538	-	-	2,538	1,209
TRAINING, TRAVEL AND CONFERENCES	194	-	-	194	254
DUES AND MEMBERSHIPS	-	-	14,436	14,436	6,293
FUNDRAISING COSTS	30,551	-	-	30,551	30,802
DEPRECIATION					
TOTAL	<u>\$ 190,990</u>	<u>\$ 119,426</u>	<u>\$ 34,983</u>	<u>\$ 345,399</u>	<u>\$ 342,096</u>

See accompanying notes.

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TAYLOR COMMUNITY LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION:

The Taylor Community 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, expense, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Library uses the following classifications 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 assets 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.

(continued)

TAYLOR COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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, 2022, from which the summarized information was derived.

FUNCTIONAL 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.

USE OF ESTIMATES:

The preparation of financial statements in conformity with the modified cash basis 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 REVENUES:

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.

CASH AND CASH EQUIVALENTS:

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

(continued)

TAYLOR COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)
PROPERTY, FURNISHINGS AND COLLECTIONS:

Land, buildings, significant expenditures for furnishings and collections of books, videos and audio materials are stated at cost or market value at the time of donation. Insignificant expenditures for 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 Useful Life</u>
Building improvements	10 Years
Furniture and equipment	5 Years
Books, video and audio collections	5 Years

DONATED FACILITY

The Borough of Taylor provides the Library with its facility located at 710 South Main Street, Taylor, Pennsylvania, at no cost. Under the modified cash basis of accounting, no recognition of rent revenue or rent expense from this arrangement is required.

INVESTMENTS:

The Library has adopted FASB ASC 958-320-50-1, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under investments FASB ASC 958-320-50-1 in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains 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.

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. Financial Accounting Standards Board Accounting Standards Codification (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 Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements and related disclosures. (continued)

TAYLOR COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

INCOME TAXES:

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.

NEW ACCOUNTING STANDARDS:

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), as amended. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease right-of-use assets and lease liabilities, initially measured at the present value of the lease payments, on the statement of assets, liabilities and net assets – modified cash basis for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of support, revenues and expenses – modified cash basis. The new standard is effective for 2022. The Library has evaluated the new lease standard and determined that the standard does not materially impact its financial statements.

DATE OF MANAGEMENT EVALUATION:

Management has evaluated subsequent events through January 30, 2024, the date on which the financial statements were available to be issued and no subsequent events have been determined to have an effect on the financial statements as presented .

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 2023 and 2022, the 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 Taylor Community Library, are now members of the Lackawanna County Library System, availing themselves of the funding and services of this County Library Board.

(continued)

TAYLOR COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 - LACKAWANNA COUNTY LIBRARY BOARD – ALLOCATION (continued):
 The 2023 and 2022 allocation to Taylor Community Library consisted of the following:

	<u>2023</u>	<u>2022</u>
County Operating Funds	\$ 271,226	\$ 272,750
General State Aid	<u>34,064</u>	<u>29,055</u>
Total	<u>\$ 305,290</u>	<u>\$ 301,805</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>Net Book Value</u>	
	<u>Balance 1/1/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/23</u>	<u>Balance 1/1/23</u>	<u>2023 Expense</u>	<u>Deletions</u>		<u>Balance 12/31/23</u>
Furniture and Equipment	\$ 71,690	\$ 3,849	\$ (7,830)	\$ 67,709	\$ 69,646	\$ 1,089	\$ (7,830)	\$ 62,905	\$ 4,804
Collections	194,684	31,562	(43,655)	182,591	137,464	29,462	(43,655)	123,271	59,320
Building Improvements	<u>2,490</u>	<u>-</u>	<u>-</u>	<u>2,490</u>	<u>2,490</u>	<u>-</u>	<u>-</u>	<u>2,490</u>	<u>-</u>
Total	<u>\$ 268,864</u>	<u>\$ 35,411</u>	<u>\$ (51,485)</u>	<u>\$ 252,790</u>	<u>\$ 209,600</u>	<u>\$ 30,551</u>	<u>\$ (51,485)</u>	<u>\$ 188,666</u>	<u>\$ 64,124</u>

Depreciation expense totaled \$30,551 and \$30,802 for 2023 and 2022 respectively.

NOTE 4 - INVESTMENT RETURN:

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Net Asset Without Donor Restrictions</u>	<u>Net Asset With Donor Restrictions</u>	<u>Total</u>	<u>Net Asset Without Donor Restrictions</u>	<u>Net Asset With Donor Restrictions</u>	<u>Total</u>
Interest Income	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 47</u>

NOTE 5 – 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 \$1,200 for both 2023 and 2022.

(continued)

TAYLOR COMMUNITY LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 - CONCENTRATIONS OF CREDIT RISK:

The Library maintains cash balances at various financial institutions. Accounts are insured up to an aggregate total of \$250,000 per depositor. On December 31, 2023 and 2022, the Library's uninsured cash balances totaled \$-0- for both years.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Library has \$417,157 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 \$90,093, state aid of \$34,064, local government revenue of \$271,000, expected net fund-raising proceeds of \$15,000, expected grant revenues of \$2,000 and expected library generated revenues of \$5,000. 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 30 days of normal operating expenses, which are, on average, approximately \$26,000 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. In addition, as part of its liquidity management, the Library Board of Directors have designated funds held in a savings account to provide for a library programs and activities.

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

	<u>2023</u>
Cash and cash equivalents	\$ 90,093
Assets on hand at year end available for liquidity purposes	90,093
Anticipated state aid	34,064
Anticipated local government revenue	271,000
Expected net fund raising proceeds	15,000
Expected grant revenues	2,000
Expected library generated revenues	<u>5,000</u>
Financial assets available within one year of December 31, 2023	<u>\$ 417,157</u>

(concluded)

TAYLOR COMMUNITY LIBRARY

SCHEDULES OF OPERATING WORKING CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING WORKING CAPITAL - BEGINNING	\$ 52,036	\$ 36,163
GENERAL STATE AID	34,064	29,055
LOCAL GOVERNMENT REVENUE	271,226	272,750
DIVIDEND AND INTEREST REVENUE	58	47
FUNDRAISING AND MONETARY DONATIONS	41,442	21,726
GRANTS	2,847	26,000
FINES, FEES AND OTHER LIBRARY GENERATED REVENUE	<u>5,479</u>	<u>4,512</u>
 TOTAL BEGINNING BALANCE AND RECEIPTS	 <u>407,152</u>	 <u>390,253</u>
 SALARY AND WAGE EXPENDITURES	 204,228	 203,325
BENEFIT EXPENDITURES	57,685	48,630
BOOKS	29,441	26,924
AUDIO-VISUAL MATERIAL	2,121	-
SERIALS	1,576	408
LIBRARY SUPPLIES	51	332
MAJOR RENOVATIONS AND IMPROVEMENTS	3,849	-
FURNITURE AND EQUIPMENT	760	824
MAINTENANCE	3,447	6,556
INSURANCE	4,629	5,314
UTILITIES	14,140	18,494
POSTAGE	476	199
OFFICE SUPPLIES	736	2,529
TELEPHONE	3,910	3,079
PUBLIC RELATIONS AND LIBRARY PROGRAMS	6,042	13,847
TRAINING, TRAVEL AND CONFERENCE	2,538	1,209
DUES AND MEMBERSHIPS	194	254
FUNDRAISING COSTS	<u>14,436</u>	<u>6,293</u>
 TOTAL DISBURSEMENTS	 <u>350,259</u>	 <u>338,217</u>
 OPERATING WORKING CAPITAL - ENDING	 <u>\$ 56,893</u>	 <u>\$ 52,036</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 Taylor Community 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 Taylor Community Library, which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023, and the related statements of support, revenues and expenses–modified cash basis and statements of functional expenses–modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Taylor Community 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 Taylor Community Library’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Taylor Community 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 Taylor Community 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.

Baillie McHale, LLC

Dunmore, Pennsylvania
January 30, 2024

TAYLOR COMMUNITY LIBRARY

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTARY INFORMATION**