

**SCRANTON PUBLIC LIBRARY**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2024 AND 2023  
AND  
INDEPENDENT AUDITORS' REPORT  
AND  
SUPPLEMENTARY INFORMATION**

SCRANTON PUBLIC LIBRARY

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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, 2024 and 2023, 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, 2024 and 2023, 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 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.

## **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 purposes 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2025 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.

*Bartlett McHew, LLC*

Dunmore, Pennsylvania  
March 2, 2025

**SCRANTON PUBLIC LIBRARY**

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
	<u>ASSETS</u>	
CURRENTS ASSETS:		
Cash	\$ 729,209	\$1,089,312
Prepaid expenses	8,418	99,053
Total current assets	<u>737,627</u>	<u>1,188,365</u>
PROPERTY, FURNISHINGS AND COLLECTIONS, NET	<u>3,127,097</u>	<u>2,514,104</u>
OTHER ASSETS:		
Security deposit	-	500
Long-term investments	850,101	822,685
Endowment funds	148,910	133,352
Total other assets	<u>999,011</u>	<u>956,537</u>
TOTAL ASSETS	<u>\$4,863,735</u>	<u>\$4,659,006</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 23,199	\$ 26,033
Payroll withholdings payable	21,894	29,192
Deferred accounts	716,497	624,801
Total current liabilities	<u>761,590</u>	<u>680,026</u>
LONG-TERM LIABILITIES:		
Long-term debt	<u>340,800</u>	<u>362,662</u>
TOTAL LIABILITIES	<u>1,102,390</u>	<u>1,042,688</u>
NET ASSETS:		
Without donor restrictions	3,612,435	3,482,966
With donor restrictions	148,910	133,352
Total	<u>3,761,345</u>	<u>3,616,318</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,863,735</u>	<u>\$4,659,006</u>

See accompanying notes.

**SCRANTON PUBLIC LIBRARY**

STATEMENTS OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	2024 <u>Total</u>	2023 Memorandum <u>Total</u>
SUPPORT, REVENUES AND RECLASSIFICATIONS:				
General state aid	\$ 541,357	\$ -	\$ 541,357	\$ 541,357
DLC aid	341,816	-	341,816	309,692
Local government revenue	1,800,164	-	1,800,164	1,652,365
Investment return	95,630	10,268	105,898	145,120
Fundraising and monetary donations	205,962	-	205,962	470,391
Grants	165,185	-	165,185	103,500
Fine, fees and other library generated revenue	61,846	-	61,846	50,938
Technology and technical service income	533,249	-	533,249	476,000
Miscellaneous income	3,269	-	3,269	8,642
Transfers	<u>(5,290)</u>	<u>5,290</u>	<u>-</u>	<u>-</u>
Total	<u>3,743,188</u>	<u>15,558</u>	<u>3,758,746</u>	<u>3,758,005</u>
EXPENSES:				
Program services	2,673,282	-	2,673,282	2,687,301
Management and general	817,617	-	817,617	709,071
Fundraising	<u>122,820</u>	<u>-</u>	<u>122,820</u>	<u>162,087</u>
Total	<u>3,613,719</u>	<u>-</u>	<u>3,613,719</u>	<u>3,558,459</u>
CHANGES IN NET ASSETS	129,469	15,558	145,027	199,546
NET ASSETS - BEGINNING	<u>3,482,966</u>	<u>133,352</u>	<u>3,616,318</u>	<u>3,416,772</u>
NET ASSETS - ENDING	<u>\$ 3,612,435</u>	<u>\$ 148,910</u>	<u>\$ 3,761,345</u>	<u>\$ 3,616,318</u>

See accompanying notes.

**SCRANTON PUBLIC LIBRARY**

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Program Services	Management and General	Fund Raising	2024 Total	2023 Memorandum Total
SALARY AND WAGE EXPENDITURES	\$ 1,533,910	\$ 339,484	\$ -	\$ 1,873,394	\$ 1,841,484
BENEFIT EXPENDITURES:					
Payroll taxes	124,663	26,505	-	151,168	150,260
Health insurance	237,198	46,309	-	283,507	271,142
Pension benefits	55,542	16,928	-	72,470	68,905
Disability and Life insurance	5,792	3,422	-	9,214	9,145
Other benefits	124	-	-	124	399
Worker's Compensation insurance	7,535	1,668	-	9,203	7,669
SERIALS	9,215	-	-	9,215	9,523
ELECTRONIC MATERIALS	156,483	-	-	156,483	124,181
LIBRARY SUPPLIES	35,040	-	-	35,040	40,800
FURNITURE AND EQUIPMENT	-	1,970	-	1,970	1,057
INTEREST EXPENSE	-	13,016	-	13,016	13,631
COMPUTERS AND SOFTWARE	165,784	-	-	165,784	152,820
MAINTENANCE:					
Equipment maintenance	-	26,515	-	26,515	14,346
Maintenance supplies	-	11,027	-	11,027	8,007
Buildings and Grounds maintenance	-	47,759	-	47,759	46,278
Vehicle expense	-	6,243	-	6,243	8,509
Delivery vehicle expense	-	13,851	-	13,851	14,583
Bookmobile expense	-	8,579	-	8,579	6,224
INSURANCE	-	45,400	-	45,400	47,897
UTILITIES	-	51,585	-	51,585	63,943
POSTAGE	-	47,444	-	47,444	33,901
OFFICE SUPPLIES:					
Copier expense	8,454	-	-	8,454	7,736
Office supplies	-	3,874	-	3,874	5,180
TELEPHONE	-	48,663	-	48,663	53,032
PUBLIC RELATIONS AND LIBRARY PROGRAMS	10,253	-	-	10,253	11,768
CONTRACTED SERVICES	-	38,973	-	38,973	39,571
TRAINING, TRAVEL AND CONFERENCES	12,845	-	-	12,845	4,173
DUES AND MEMBERSHIPS	1,891	-	-	1,891	9,403
RENT EXPENSE	6,400	-	-	6,400	19,200
FUNDRAISING COSTS	-	-	122,820	122,820	162,087
TRUST FEES	-	11,729	-	11,729	11,064
DEPRECIATION	302,153	6,673	-	308,826	300,541
 TOTAL	 <u>\$ 2,673,282</u>	 <u>\$ 817,617</u>	 <u>\$ 122,820</u>	 <u>\$ 3,613,719</u>	 <u>\$ 3,558,459</u>

See accompanying notes.

**SCRANTON PUBLIC LIBRARY**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

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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 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.

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, 2023, 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, 2024 AND 2023**

**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 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, 2024 AND 2023

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.

DATE OF MANAGEMENT EVALUATION:

Management has evaluated subsequent events through March 2, 2025, 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.

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**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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 2024 and 2023, this millage was 3.07 mills and 2.82 mills, respectively. 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.

The 2024 and 2023 allocation to Scranton Public Library consisted of the following:

	<u>2024</u>	<u>2023</u>
<b>County:</b>		
Operating funds	\$ 1,736,446	\$ 1,627,979
Outreach allocation	<u>63,718</u>	<u>24,386</u>
Sub-total	<u>1,800,164</u>	<u>1,652,365</u>
<b>State:</b>		
General state aid	<u>541,357</u>	<u>541,357</u>
Total	<u>\$ 2,341,521</u>	<u>\$ 2,193,722</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>			Balance <u>12/31/24</u>	Balance <u>1/1/24</u>	<u>Accumulated Depreciation</u>		Balance <u>12/31/24</u>	Net Book <u>Value</u>
	Balance <u>1/1/24</u>	Additions	Deletions			2024 <u>Expense</u>	Deletions		
Leasehold Improvements	\$ 3,235,197	\$ 268,544	\$ (745,795)	\$ 2,757,946	\$ 1,189,675	\$ 66,730	\$ (515,275)	\$ 741,130	\$ 2,016,816
Construction in Progress	-	601,117	-	601,117	-	-	-	-	601,117
Transportation Equipment	65,792	-	-	65,792	47,481	13,159	-	60,640	5,152
Furniture & Equipment	389,456	18,783	(28,020)	380,219	373,832	13,503	(28,020)	359,315	20,904
Collections	<u>1,209,114</u>	<u>263,895</u>	<u>(195,997)</u>	<u>1,277,012</u>	<u>774,467</u>	<u>215,434</u>	<u>(195,997)</u>	<u>793,904</u>	<u>483,108</u>
Total	<u>\$ 4,899,559</u>	<u>\$ 1,152,339</u>	<u>\$ (969,812)</u>	<u>\$ 5,082,086</u>	<u>\$ 2,385,455</u>	<u>\$ 308,826</u>	<u>\$ (739,292)</u>	<u>\$ 1,954,989</u>	<u>\$ 3,127,097</u>

Depreciation expense totaled \$308,826 and \$300,541 for 2024 and 2023, respectively.

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 - INVESTMENTS:**

The Library held the following investments at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Long-Term: Mutual Funds	\$ 850,101	\$ 822,685
Total	<u>\$ 850,101</u>	<u>\$ 822,685</u>

Short-term and long-term investments are stated at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation)</u>
Investments without donor restriction -			
Board designated	\$ 853,628	\$ 850,101	\$ (3,527)
Total	<u>\$ 853,628</u>	<u>\$ 850,101</u>	<u>\$ (3,527)</u>
	<u>2023</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation)</u>
Investments without donor restriction -			
Board designated	\$ 826,212	\$ 822,685	\$ (3,527)
Total	<u>\$ 826,212</u>	<u>\$ 822,685</u>	<u>\$ (3,527)</u>

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

	<u>2024</u>		
	<u>Net Assets Without Donor Restrcitions</u>	<u>Net Assets With Donor Restrcitions</u>	<u>Total</u>
Interest and dividend income	\$ 71,902	\$ -	\$ 71,902
Net realized and unrealized losses	<u>23,728</u>	<u>10,268</u>	<u>33,996</u>
Total investment return	<u>\$ 95,630</u>	<u>\$ 10,268</u>	<u>\$ 105,898</u>
	<u>2023</u>		
	<u>Net Assets Without Donor Restrcitions</u>	<u>Net Assets With Donor Restrcitions</u>	<u>Total</u>
Interest and dividend income	\$ 40,360	\$ -	\$ 40,360
Net realized and unrealized losses	<u>81,340</u>	<u>23,420</u>	<u>104,760</u>
Total investment return	<u>\$ 121,700</u>	<u>\$ 23,420</u>	<u>\$ 145,120</u>

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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, 2024 and 2023:

	<u>December 31, 2024</u>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Mutual funds	\$ 850,101	\$ 850,101	-	-
Total	<u>\$ 850,101</u>	<u>\$ 850,101</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment funds held by others	<u>\$ 148,910</u>	<u>\$ -</u>	<u>\$ 148,910</u>	<u>\$ -</u>
	<u>December 31, 2023</u>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Mutual funds	\$ 822,685	\$ 822,685	-	-
Total	<u>\$ 822,685</u>	<u>\$ 822,685</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment funds held by others	<u>\$ 133,352</u>	<u>\$ -</u>	<u>\$ 133,352</u>	<u>\$ -</u>

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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, 2024 and 2023:

	December 31, 2024		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
The Scranton Public Library Memorial Fund	\$ -	\$ 131,832	\$ 131,832
The Marion Isaacs Fund	-	17,078	17,078
Total	\$ -	\$ 148,910	\$ 148,910
	December 31, 2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
The Scranton Public Library Memorial Fund	\$ -	\$ 117,661	\$ 117,661
The Marion Isaacs Fund	-	15,691	15,691
Total	\$ -	\$ 133,352	\$ 133,352

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

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

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2022	\$ -	\$ 115,553	\$ 115,553
Additional contributions	-	3,767	3,767
Investment return:			
Realized and unrealized gains and losses	-	18,745	18,745
Fund earnings	-	2,620	2,620
Investment fees	-	(558)	(558)
Administrative fees	-	(1,155)	(1,155)
Distributions	-	(5,620)	(5,620)
	<hr/>	<hr/>	<hr/>
Endowment net assets, December 31, 2023	-	133,352	133,352
Additional contributions	-	3,555	3,555
Investment return:			
Realized and unrealized gains and losses	-	17,429	17,429
Fund earnings	-	3,037	3,037
Investment fees	-	(650)	(650)
Administrative fees	-	(1,333)	(1,333)
Distributions	-	(6,480)	(6,480)
	<hr/>	<hr/>	<hr/>
Endowment net assets, December 31, 2024	<u>\$ -</u>	<u>\$ 148,910</u>	<u>\$ 148,910</u>

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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, 2024.

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

Long-term debt consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
3.44% Note payable to a local bank. Monthly installments of \$249, including principal and interest, to maturity in 2025. Secured by vehicle.	\$ 495	\$ 3,412
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>363,504</u>	<u>385,283</u>
Total	363,999	388,695
Less: Current Portion	<u>23,199</u>	<u>26,033</u>
Net Long-Term	<u>\$ 340,800</u>	<u>\$ 362,662</u>

Schedule of Maturities of Long-Term Debt on December 31, 2024:

2025	\$ 23,199
2026	23,447
2027	24,216
2028	<u>293,137</u>
Total	<u>\$ 363,999</u>

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 9 - 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, 2024 or 2023. The items which make up the deferred accounts are as follows:

	<u>2024</u>	<u>2023</u>
District Library Center Revenue	\$ 217,615	\$ 230,752
Lackawanna County Operating Revenue	253,000	253,000
Lackawanna County Special Revenue	<u>245,882</u>	<u>141,049</u>
Total	<u>\$ 716,497</u>	<u>\$ 624,801</u>

**NOTE 10 - 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 distributed 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 \$850,101 and \$822,685 on December 31, 2024 and 2023, respectively.

**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are as follows:

Endowment funds as described in Note 6 – These funds totaled \$148,910 and \$133,352 on December 31, 2024 and 2023, respectively.

(continued)

**SCRANTON PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 12 - 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, 2024 and 2023, the Library's uninsured cash balances totaled \$325,687 and \$146,518, respectively.

Approximately Forty-Two Percent (42%) 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 three year period ending December 31, 2024.

**NOTE 13 - 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 \$72,470 and \$68,905 for 2024 and 2023, respectively.

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Library has \$4,476,566 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 \$729,209, a line of credit available in the amount of \$100,000, state aid of \$541,357, DLC aid of \$341,000, local government revenue of \$1,800,000, grant revenue of \$165,000, expected net fund-raising proceeds of \$205,000 and expected library generated revenues of \$595,000. 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 \$301,000 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>2024</u>
Cash and cash equivalents	\$ 729,209
Line of credit available	<u>100,000</u>
Assets on hand at year end available for liquidity purposes	829,209
Anticipated state aid	541,357
Anticipated DLC aid	341,000
Anticipated local government revenue	1,800,000
Anticipated grant revenue	165,000
Expected net fund raising proceeds	205,000
Expected library generated revenues	<u>595,000</u>
Financial assets available within one year of December 31, 2024	<u>\$ 4,476,566</u>

(concluded)

**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, 2024 and 2023, 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 March 2, 2025.

**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.

*Barbara McHee, LLC*

Dunmore, Pennsylvania  
March 2, 2025