

CATSKILL PUBLIC LIBRARY

**AUDITED FINANCIAL STATEMENTS
CASH BASIS**

As of and for the year ended December 31, 2023
(with memorandum totals for the year ended December 31, 2022)

CATSKILL PUBLIC LIBRARY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities, and Net Assets – Cash Basis	3
Statement of Revenues, Expenses, and Changes in Net Assets – Cash Basis	4
Statement of Functional Expenses – Cash Basis	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Catskill Public Library:

Opinion

We have audited the financial statements of Catskill Public Library, which comprise the statement of assets, liabilities, and net assets - cash basis as of December 31, 2023, and the related statements of revenues, expenses and changes in net assets - cash basis and functional expenses – cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Catskill Public Library as of December 31, 2023, and its revenues, and expenses for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catskill Public Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catskill Public 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 Catskill Public Library's ability to continue as a going concern for a reasonable period of time.

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

Summarized Comparative Information

We have previously audited Catskill Public Library's December 31, 2022 financial statements, and we expressed an unmodified opinion on those audited statements in our report dated September 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Catskill, New York
May 16, 2024

CATSKILL PUBLIC LIBRARY
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – CASH BASIS
December 31, 2023
(with memorandum totals as of December 31, 2022)

	<u>2023</u>	<u>2022</u> (memorandum only)
ASSETS		
Cash and cash equivalents	\$ 618,051	\$ 1,430,920
Certificates of deposit	875,654	-
Total assets	<u>\$ 1,493,705</u>	<u>\$ 1,430,920</u>
NET ASSETS		
Without donor restrictions	<u>\$ 1,493,705</u>	<u>\$ 1,430,920</u>
Total net assets	<u>1,493,705</u>	<u>1,430,920</u>
 Total liabilities and net assets	 <u>\$ 1,493,705</u>	 <u>\$ 1,430,920</u>

See notes to financial statements.

CATSKILL PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – CASH BASIS
For the year ended December 31, 2023
(with memorandum totals for the year ended December 31, 2022)

	2023	2022 (memorandum only)
OPERATING ACTIVITIES		
Support and Revenues		
Direct government support	\$ 1,030,879	\$ 985,045
Contributions	12,222	19,197
Greene County Libraries Association contributions	3,979	4,599
New York State local libraries services aid	3,743	4,095
Fines and fees	2,183	3,553
Other charges	7,131	6,094
Total support and revenues	<u>1,060,137</u>	<u>1,022,583</u>
EXPENSES		
Program	893,739	901,806
Management and general	105,458	96,013
Total expenses	<u>999,197</u>	<u>997,819</u>
Support and revenues in excess of expenses from operating activities	<u>60,940</u>	<u>24,764</u>
NON-OPERATING ACTIVITIES		
Interest income	1,845	987
Revenues from non-operating activities	<u>1,845</u>	<u>987</u>
SUPPORT AND REVENUES IN EXCESS OF EXPENSES	62,785	25,751
NET ASSETS, Beginning of year	<u>1,430,920</u>	<u>1,405,169</u>
NET ASSETS, End of year	<u>\$ 1,493,705</u>	<u>\$ 1,430,920</u>

See notes to financial statements.

CATSKILL PUBLIC LIBRARY
STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS
For the year ended December 31, 2023
(with memorandum totals for the year ended December 31, 2022)

	2023			2022
	Program	Management & General	Total	(memorandum only)
Salaries and wages	\$ 448,625	\$ 79,172	\$ 527,797	\$ 518,388
Payroll taxes	37,179	6,461	43,640	43,145
Pension contributions	36,736	-	36,736	32,356
Employee benefits	46,351	2,549	48,900	43,429
Library books and materials	112,475	72	112,547	126,081
Patron services	53,655	94	53,749	47,392
Library furnishings and equipment	1,900	-	1,900	23,358
Library supplies	5,019	-	5,019	6,244
Web design	550	-	550	600
Professional fees	959	9,480	10,439	9,919
Travel	1,939	340	2,279	4,156
Insurance	10,053	910	10,963	13,409
Office	1,152	5,638	6,790	5,643
Other library services and support	4,757	-	4,757	7,922
Miscellaneous	731	742	1,473	1,440
Utilities	15,377	-	15,377	19,444
Repairs and maintenance	90,474	-	90,474	70,079
Rent	25,807	-	25,807	24,814
	<u>\$ 893,739</u>	<u>\$ 105,458</u>	<u>\$ 999,197</u>	<u>\$ 997,819</u>

See notes to financial statements.

**CATSKILL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF ACTIVITIES

The Catskill Public Library (the “Library”) was founded in 1893 and was organized as a not-for-profit corporation without capital stock under the laws of the State of New York. The Library provides free access to the world of ideas, learning, and entertainment for enrichment to the residents of the Town of Catskill, New York. The Library has two locations; the main library in the Village of Catskill, New York, and a branch in Palenville, New York. Both locations provide access to reference materials, books, periodicals, and both audio and visual media. In addition, both locations provide computers for public use, 24/7 free Wi-Fi, and free access to various online materials and services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Library utilizes a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under cash basis, the only asset recognized is cash and cash equivalents and certificates of deposit. All transactions are recognized as either cash receipts or disbursements and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of any outstanding promises to give and any obligations for expenses unpaid at the date of the financial statements are not included in revenues and expenditures, respectively, in the financial statements. In addition, capital improvements are expensed when paid versus capitalizing and depreciating over the asset’s useful life.

Classification of Net Assets

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Library and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Library. The Library’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Library or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Prior Year Amounts

Amounts shown for the prior year in the accompanying financial statements are included to provide a basis for comparison with the current year and present summarized totals only. Accordingly, the prior year amounts are not intended to present all information necessary for a fair presentation in accordance with the cash basis of accounting.

Cash and Cash Equivalents

For the purpose of disclosing cash and cash equivalents, the Library considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recognized when received and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of revenues, expenses, and changes in net assets – cash basis as releases from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Concentration of Revenue

The Library receives a majority of its revenue from one source, Catskill Central School District, as part of a real property tax assessed by the District, and a payment in lieu of taxes (PILOT) agreement with an industrial taxpayer, Athens Generating. The current PILOT agreement ends in 2043.

During the year ended December 31, 2023, \$1,030,879 or 97% of total revenues was received from the Catskill Central School District.

Income Taxes

The Library is exempt from income taxes under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for income taxes is reflected in these financial statements.

The Library has evaluated uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Library's returns are currently under examination.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets – cash basis and functional expenses – cash basis. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis using time and effort.

Measure of Operations

The statement of revenues, expenses, and changes in net assets – cash basis reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Library's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

CATSKILL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Organization received a paycheck protection program loan (PPP) in the amount of \$74,200 which was fully forgiven in October 2020. According to the rules of the Small Business Administration (SBA), the Library is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Library's judgments pertaining to satisfying PPP loan eligibility and forgiveness conditions, the Library may be required to adjust previously reported amounts and disclosures in the financial statements.

Subsequent Events

Subsequent events have been evaluated through May 16, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – DEFERRED REVENUE

Deferred revenue is not recorded under the cash basis of accounting. However, included in cash and cash equivalents as of December 31, 2023 is \$1,030,879 representing amounts received during the current year for the future year's budgeted expenses.

NOTE 4 – CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Library may experience a loss in the value of its bank deposits. The Library maintains several bank accounts at one bank, the Bank of Greene County. Accounts at this bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of up to \$250,000 per depositor. The amount in excess of the FDIC limit as of December 31, 2023 was approximately \$1,278,600. In addition, the Bank of Greene County purchased securities (Municipal Obligations) held with M and T Bank, which are pledged as collateral for the Library's uninsured deposits. The market value of this pledged collateral was approximately \$152,300 as of December 31, 2023. As of December 31, 2023, approximately \$1,126,300 of the Library's bank deposits were not insured by FDIC or collateralized. This was a temporary lapse in the Library's collateral balance. The Library's collateral was increased in early January 2024 collateralizing the full amount of bank deposits in excess of FDIC insurance.

NOTE 5 – DEFINED BENEFIT PENSION PLAN

The Library participates in the New York State and Local Employees' Retirement System (ERS), a cost-sharing multiple-employer retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. ERS govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. The ERS issues a publicly available financial report that contains financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at:

www.osc.state.ny.us/retire/publications/index.php.

Funding

Annually, the Library is required to contribute a percentage of salary based upon an invoice that is received from the Employee's Retirement System no later than the first of February for the plan year ending March 31st. The amount of payment is a projection using actuarial rates based on the actual payroll of eligible participants from the prior year and increase for inflation rates. In order to become eligible for pension contributions to be made on their behalf, employees of the Library are required to participate in the ERS.

Full-time permanent position employees are required to participate in the ERS and are also eligible for pension contributions on their behalf. Part-time employees can elect to participate in the ERS in order to become eligible for the pension plan participation.

The retirement plan expense for the year ended December 31, 2023 was \$36,736.

NOTE 6 – LIQUIDITY

The Library's financial assets available within one year of December 31, 2023 for general expenditure are as follows:

Cash and cash equivalents	\$	618,051
Certificates of deposit		875,654
	\$	<u>1,493,705</u>

CATSKILL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 – LEASE COMMITMENTS

The Library has a lease agreement for its Palenville branch location. Rent expense for the year ended December 31, 2023 was \$25,807. During 2023, the lease was extended for an additional one-year term commencing January 1, 2024 and ending December 31, 2024. The renewed lease calls for monthly rent in the amount of \$2,237 or \$26,844 for 2024.

The Library also has copier leases for its Catskill branch location. The first Catskill copier lease agreement has a term of April 2019 through March 2024 with monthly payments of \$155. The second Catskill copier lease agreement has a term of January 2022 through December 2026 with monthly payments of \$198. Lease expense for the year ended December 31, 2023 was \$2,893 and is included in “patron services expenses” on the Statement of Functional Expenses – Cash Basis.

Future minimum lease commitments are as follows:

2024	\$	29,680
2025		2,376
2026		2,376
Total	\$	<u>34,432</u>

NOTE 8 – BOARD DESIGNATED NET ASSETS

The board has designated \$255,993 of net assets for the purpose of long range planning as of December 31, 2023.

NOTE 9 – CERTIFICATES OF DEPOSIT

As of December 31, 2023, the Library had certificates of deposit totaling \$875,654 with maturity dates that range from 6 to 9 months and interest rates ranging from 3.93% to 4.97%.