





























Boyle County Library Taxing District  
Notes to Financial Statements  
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Taxing District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Budgeting

The Taxing District follows the procedures established pursuant to Section 91A.030 of the Kentucky Statutes in establishing the budgetary data reflected in the financial statements. Budgets for the general fund are adopted on a basis consistent with United States generally accepted accounting principles.

The Taxing District annually adopts a budget for the general fund in conjunction with Danville Library, Inc. The Taxing District budgets the amount of tax revenues and state grants to support Danville Library, Inc., retaining the balance of revenues for administrative and future capital expenditures. The budget is submitted to the fiscal court for approval by June 30<sup>th</sup> each year. The Taxing District may amend the legally adopted budget when unexpected modifications are required in estimated reserves and appropriations.

The Taxing District's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by class as follows: Tax support to Danville Library, Inc., Grants for the support of Danville Library, Inc., operating expenses, capital outlay, transfers, and debt service.

Receivables and Property Tax Revenues

In the government-wide statements, property tax revenues are recognized when they become available. Available property tax revenues includes those property tax receivables expected to be collected within sixty-days after year-end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property, Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment purchases have been capitalized and recorded in the government-wide financial statements. The Taxing District defines capital assets as assets with an initial individual cost of more than \$1,000. Additionally, as all capital assets are directly utilized in Danville Library's operating activities, an expense for capital outlays has been reported on the fund financial statements. Danville Library expenses all books and materials as purchased and does not capitalize such items.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended June 30, 2021 was \$255,585.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

As of June 30, 2011, the Taxing District implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Taxing District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

As of June 30, 2021, fund balances are comprised of the following:

		<u>General Fund</u>
Assigned- Debt Service	\$	150,595
Unassigned	\$	2,435,257

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Taxing District maintains cash and cash equivalents in local banks which may, at times, exceed the FDIC limits. The Taxing District’s cash and cash equivalents are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity’s name, (2) collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name or (3) uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name). The Taxing District’s categorization as of June 30, 2021 was as follows:

Category 1	\$	250,000
Category 2	\$	2,294,398
Category 3	\$	-

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NOTE 3 – CASH AND INVESTMENTS

Operating transfers are the amount of cash resources that the board has elected to restrict or release from restriction. Below is the summary of the cash on hand at June 30, 2021.

	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash Accounts:			
Checking Accounts	\$ 17,105	\$ -	\$ 17,105
Money Market Accounts	2,378,185	150,595	2,528,780
	<u>\$ 2,395,290</u>	<u>\$ 150,595</u>	<u>\$ 2,545,885</u>

NOTE 4 – CAPITAL ASSETS

The Taxing District has worked with Danville Library, Inc. over the years to jointly expand the current library building, purchase furniture, equipment, and supplies. Jointly owned fixed assets purchase prior to July 1, 2000 are stated at historical cost in the Danville Library, Inc. financial statements. Fixed assets purchased since July 1, 2000 are included in the Boyle County Library Taxing District's fixed assets and are stated at historical cost.

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities	June 30, 2020	Additions	Disposals	June 30, 2021
Land	\$ 1,524,573	\$ -	\$ -	\$ 1,524,573
Building and improvements	8,927,246	-	-	8,927,246
Furniture and equipment	812,652	-	-	812,652
Electronics	25,996	-	-	25,996
Vehicle	25,230	-	-	25,230
Total at historical cost	<u>11,315,697</u>	<u>-</u>	<u>-</u>	<u>11,315,697</u>
Less: Accumulated Depreciation				
Building and improvements	2,767,563	253,062	-	3,020,625
Furniture and equipment	803,757	-	-	803,757
Electronics	25,996	-	-	25,996
Vehicle	10,407	2,523	-	12,930
Total accumulated depreciation	<u>3,607,723</u>	<u>255,585</u>	<u>-</u>	<u>3,863,308</u>
Capital assets – net	<u>\$ 7,707,974</u>	<u>\$ (255,585)</u>	<u>\$ -</u>	<u>\$ 7,452,389</u>



Boyle County Library Taxing District  
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June 30, 2021

NOTE 5 – GENERAL OBLIGATION BONDS

The Taxing District issued \$4,160,000 of General Obligation Refunding Bonds, Series 2016, (advance refunding) dated May 25, 2016, with an interest rate ranging from 2.00%-2.50%. The bond matures serially each January 1 through January 1, 2032. The bonds are collateralized by the Taxing District’s building for which the bonds were taken out to fund expansion.

The proceeds from the refunding bonds have been deposited in an irrevocable trust at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future redemption or payment of principal and interest of the issues refunded. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the financial statements.

The maturities of bonds payable of \$2,840,000 are summarized as follows:

	Principal	Interest	Total
June 2022	\$ 290,000	\$ 61,325	\$ 351,325
June 2023	295,000	55,525	350,525
June 2024	305,000	49,625	354,625
June 2025	310,000	43,525	353,525
June 2026 - 2030	1,175,000	134,712	1,309,712
June 2031 - 2032	465,000	17,500	482,500
Total	\$ 2,840,000	\$ 362,212	\$ 3,202,212

NOTE 6 – LONG-TERM OBLIGATIONS

A summary of changes in long-term debt follows:

	Series 2016 Bonds
Payable at June 30, 2020	\$ 3,125,000
Debt retired during the year	(285,000)
Payable at June 30, 2021	\$ 2,840,000

NOTE 7 – CONTRACT AND CONCENTRATION WITH DANVILLE LIBRARY, INC.

The Taxing District has a five-year contract with Danville Library, Inc. to provide library services for Boyle County residents. Should Danville Library, Inc. no longer provide these services, the Taxing District may have difficulty finding a replacement.

The contract originally signed in June 2012 for a five year term by both the Board of Trustee of Danville Library, Inc. and Board of Trustees of the Boyle County Library Taxing District has been extended for an additional five years and will be in effect until June 30, 2022.

Under the terms of the contract the two boards will establish a sum by June 30 for the following fiscal year’s budget. All Kentucky Department for Libraries and Archive grants will go to Danville Library unless designated for a construction project.

Should this contract not be renewed and Danville Library, Inc. no longer provide these services, finding a replacement could impact the Taxing District in its ability to provide services. Currently the main expense of the Taxing District is the funds it provides to Danville Library, Inc., under the contract.

Boyle County Library Taxing District  
Notes to Financial Statements  
June 30, 2021

NOTE 8 – CONSTRUCTION GRANT

The Taxing District has been allocated funds through the Kentucky Department for Libraries and Archives from the Public Library Facilities Construction (PLFC) Fund for the expansion project. The annual award is subject to availability of funds appropriated for this purpose in each biennium by the legislature. Pursuant to KRS 171-027, funds must be segregated and may only be used to make debt service payments for new library facilities and library improvements. All earnings on these funds must be used for debt service. The grant was for twenty payments of \$105,000 each to be received annually. During the year ending June 30, 2021, the fifteenth \$105,000 payment was received and applied to the reduction of long-term debt.

NOTE 9 – RISK MANAGEMENT

The Taxing District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the Taxing District also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10 – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2021 were levied on October 1, 2020 on the assessed property located in Boyle County as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Date Per K.R.S. 134.020</u>
1. Due date for payment	Upon receipt
2. 2% discount applies	To November 30
3. Face value payment period	To December 31
4. Past due date, 5% penalty	January 1
5. Interest charge	16% effective January 1

Vehicle taxes are collected by the County Clerk of Boyle County and are due and collected in the birth month of the vehicle's licensee.

NOTE 11 – CORONAVIRUS (COVID-19) IMPACT

The global coronavirus (COVID-19) pandemic continues to impact the Library. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future. The extent to which COVID-19 may impact the Library will depend on future developments and government regulations, which are highly uncertain and cannot be predicted. As a result, the Organization has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2022.

NOTE 12 – SUBSEQUENT EVENTS

Management of the Taxing District has considered subsequent events through November 23, 2021, the date this report became available for issuance.

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 Board of Trustees  
Boyle County Library Taxing District  
Danville, Kentucky

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 governmental activities of Boyle County Library Taxing District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Boyle County Library Taxing District's basic financial statements, and have issued our report thereon dated November 23, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boyle County Library Taxing District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boyle County Library Taxing District's internal control. Accordingly, we do not express an opinion on the effectiveness of Boyle County Library Taxing District'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 Boyle County Library Taxing District'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 financial statements. 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.

*Craft, Waininger, Noble & Company, PLLC*

Craft, Waininger, Noble & Company, PLLC  
Richmond, Kentucky  
November 23, 2021

DRAFT

Boyle County Library Taxing District  
Statement of Revenues, Expenditures and Changes in General Fund Balance  
Budget and Actual  
For The Year Ended June 30, 2021

Revenues	Original Budget	Revised Budget	Actual	Favorable (Unfavorable) Balance
Public library tax	\$ 1,778,324	\$ 1,778,324	\$ 2,046,200	\$ 267,876
KDLA Grants	-	-	-	-
Investment income	3,200	3,200	1,782	(1,418)
Donations & other revenues	-	-	17	17
<b>Total Revenue</b>	<b>1,781,524</b>	<b>1,781,524</b>	<b>2,047,999</b>	<b>266,475</b>
<b>Expenditures</b>				
Transfers to Danville Library, Inc.				
Public library tax	1,270,000	1,270,000	1,270,000	-
KDLA grants	-	-	-	-
General operating expenses	6,000	6,000	5,490	510
<b>Total Current Expenditures</b>	<b>1,276,000</b>	<b>1,276,000</b>	<b>1,275,490</b>	<b>510</b>
Operating capital outlays	-	-	-	-
<b>Total Expenditures</b>	<b>1,276,000</b>	<b>1,276,000</b>	<b>1,275,490</b>	<b>510</b>
Excess of revenues over expenditures	505,524	505,524	772,509	266,985
<b>Other financing sources (uses)</b>				
Transfers (to) from other funds	(320,000)	(320,000)	(320,000)	-
<b>Net change in fund balance</b>	<b>185,524</b>	<b>185,524</b>	<b>452,509</b>	<b>\$ 266,985</b>
Fund balance - beginning	1,982,748	1,982,748	1,982,748	
Fund balance - ending	<u>\$ 2,168,272</u>	<u>\$ 2,168,272</u>	<u>\$ 2,435,257</u>	

See Independent Auditor's Report.