

BOYLE COUNTY LIBRARY TAXING DISTRICT

FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2023



CRAFT, WANINGER, NOBLE
& COMPANY, PLLC

CPAs & Trusted Advisors
Post Office Box 827
Richmond, KY 40476
www.craftnoble.com

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
Management's Discussion and Analysis	3 - 5
Statement of Net Position	6
Statement of Activities	7
Balance Sheet - Governmental Fund	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in General Fund Balance of Governmental Fund to the Statement of Activities	10
Notes to Financial Statements	11 - 16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	19

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Boyle County Library Taxing District

Opinion

We have audited the accompanying financial statements of the governmental activities of the Boyle County Library Taxing District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Boyle County Library Taxing District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. 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 the Boyle County Library Taxing District, and to meet our 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 that 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 Boyle County Library Taxing District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Boyle County Library Taxing District'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 Boyle County Library Taxing District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the Boyle County Library Taxing District'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 Boyle County Library Taxing District's internal control over financial reporting and compliance.

Craft, Waninger, Noble & Company, PLLC

Craft, Waninger, Noble & Company, PLLC
Richmond, Kentucky
December 20, 2023

BOYLE COUNTY LIBRARY TAXING DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The Boyle County Library Taxing District's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the Taxing District for the fiscal year ended June 30, 2023. Please read this MD&A in conjunction with the Taxing District's Financial Statements, which follow.

Financial Highlights

- I. The Taxing District's total assets increased by \$56,595.*
- II. The Taxing District's share of the property tax increased by 9.78% from the previous fiscal year due to an increase the taxable base.*
- III. The Taxing District continues to work with Danville Library, Inc. on the library operations.*

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The government-wide financial statements provide both long-term and short-term information about the District's overall financial status. The fund financial statements focus on the current operational activity of the District, reporting the District's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the District's accountability.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the District and the changes in them. One can think of the District's net position – the difference between assets and liabilities – as a way to measure the District's financial position. Over time, increases or decreases in the District's net position are one indicator of whether the District is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the District's funds. The fund financial statements provide more information about the District's funds and current year detail operations and not the District as a whole.

The District's fund statement encompasses the activity of the general fund. The general fund is the primary and only operating fund of the District. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year.

Financial Analysis of the Taxing District as a Whole

Below is an analysis of the comparative statement of net position for the years ending June 30, 2023 and 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Variance</u>
Capital assets, net of depreciation	\$ 6,941,301	\$ 7,196,804	\$ (255,503)
Other assets	3,127,426	2,815,328	312,098
Long-term liabilities	1,950,000	2,255,000	(305,000)
Current liabilities	305,000	295,000	10,000
Invested in fixed assets	4,686,301	4,646,804	39,497
Temporarily restricted	85,136	4,178	80,958
Unrestricted net position	3,042,290	2,811,150	231,140

Revenue and Expense Comparison for the years ended:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Variance</u>
Public Library Tax			
Boyle County Sheriff	\$ 2,116,830	\$ 1,936,691	\$ 180,139
Boyle County Clerk	103,900	91,747	12,153
Kentucky Revenue Department	32,796	24,281	8,515
Investment earnings	8,164	2,124	6,040
Operating grants and contributions	3,552	7,443	(3,891)
Capital grants and contributions	105,000	105,000	-
Total revenues	<u>2,370,242</u>	<u>2,167,286</u>	<u>202,956</u>
Transfers to Danville Library, Inc.			
Public library tax	1,700,000	1,575,000	125,000
KDLA grants	3,552	7,443	(3,891)
General operating expenses	5,490	6,902	(1,412)
Debt service interest	52,615	58,465	(5,850)
Depreciation expense	<u>255,503</u>	<u>255,585</u>	<u>(82)</u>
Total expenditures	<u>2,017,160</u>	<u>1,903,395</u>	<u>113,765</u>
Change in fund balance	<u>\$ 353,082</u>	<u>\$ 263,891</u>	<u>\$ 89,191</u>

The Taxing District's main source of revenue is property tax, which is approximately 95.08% of the Taxing District's total revenue— slightly higher than the state average of 93.10%. Other income sources included donations, state aid, and fines and fees. Transfers to Danville Library, Inc. represent 84.28% of total expenditures.

Budget Highlights

The Taxing District operates on a budget which seeks to present all funds held by the Taxing District. The Taxing District adopts an annual budget each June. A preliminary budget is discussed by the Director and the Finance Committee of the Board of Trustees before adopting a final budget. The budget provides framework, in conjunction with a long-range plan, to guide expenditures throughout the year. The budget is amended throughout the year if unusual or unexpected events occur. The Trustees are presented with a detailed current month report as well as a year-to-date statement at each monthly meeting.

Budget Comparison for 2022-2023

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Difference</u>
Net Revenue	\$ 1,982,289	\$ 2,265,182	\$ 282,893
Transfers to Danville Library, Inc			
Public library tax	1,700,000	1,700,000	-
KDLA grants	-	3,552	(3,552)
General operating expenses	7,000	5,490	1,510
Capital outlay	-	-	-
Transfers to other funds	275,289	325,000	(49,711)
Total Income (Loss)	<u>\$ -</u>	<u>\$ 231,140</u>	<u>\$ 231,140</u>

Economic Factors and Next Year's Budget

The Taxing District recognizes the local economy as a major factor when creating the annual budget. Property taxes remain the single largest source of revenue for the operation of the Taxing District. The Taxing District also recognizes the increased demand for both traditional and innovative library resources and service, the need to adequately fund any endeavors the library pursues and maintaining current operations without unduly affecting the community as a whole. Planning for fiscal year 2024 must take into account a newly developed strategic plan, the challenging hiring climate and ongoing volatility of the economy. This volatility and its impact on the pricing for many goods and supplies will require increases in some budget lines simply to maintain current service levels. There is uncertainty in the political sphere with war raging in two sectors. It is unclear how this might affect the local economy over the next fiscal year. The library's commitment to a living wage salary scale at all levels of staffing will require a careful balancing of compensation for the library's most valuable resource, its staff, with strategic use of goods, resources, and supplies in its provision of community services.

The Taxing District is in a strong position vis-a-vis tax collection rates and carefully monitors local economic indicators and activities. The District is in the positive position of having five to six months of operating revenue as a reserve. The new fiscal year budgeting process will emphasize prioritized planning for spending so that a flexible response to fluctuations will be possible when required. Fiscal Year 2024 will be a year of growth as a new strategic plan is implemented and demand for library services continues to expand.

Contacting the Taxing District Management

The financial report is designed to provide the citizens of Boyle County with a general overview of the Taxing District's finances and to demonstrate the Taxing District's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Director, Colleen Hall, or the Treasurer, Sam Pollom.

Boyle County Library Taxing District
Statement of Net Position
June 30, 2023

Assets	
Cash, unrestricted	\$ 3,032,952
Cash, restricted	85,136
Accounts receivable	9,338
Fixed Assets:	
Land	1,524,573
Buildings and improvements	8,927,246
Furniture and equipment	812,652
Electronics	25,996
Vehicles	25,230
Less: accumulated depreciation	<u>(4,374,396)</u>
Total Fixed Assets	<u>6,941,301</u>
 Total Assets	 <u><u>\$ 10,068,727</u></u>
Liabilities:	
Long-Term Obligations:	
Current portion of bond obligations	\$ 305,000
Non-Current portion of bond obligations	<u>1,950,000</u>
 Total Liabilities	 <u>2,255,000</u>
Net Position	
Invested in fixed assets	4,686,301
Temporarily restricted	
Reserved for debt service	85,136
Unrestricted	<u>3,042,290</u>
Total Net Position	<u>7,813,727</u>
 Total Liabilities and Net Position	 <u><u>\$ 10,068,727</u></u>

The accompanying notes are an integral part of these financial statements.

Boyle County Library Taxing District
Statement of Activities
For The Year Ended June 30, 2023

Functions/Programs	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
				<u>Primary Government</u>
Primary government				
Governmental activities				
General government	\$ 1,964,545	3,552	-	\$ (1,960,993)
Debt Service	<u>52,615</u>	<u>-</u>	<u>105,000</u>	<u>52,385</u>
Total Governmental Activities	<u>\$ 2,017,160</u>	<u>\$ 3,552</u>	<u>\$ 105,000</u>	<u>\$ (1,908,608)</u>
General Revenues:				
Public Library Tax:				
Boyle County Sheriff				2,116,830
Boyle County Clerk				103,900
Kentucky Revenue Department				32,796
Investment earnings				8,164
Total general revenues				<u>2,261,690</u>
Change in net position				353,082
Net position - beginning				<u>7,460,645</u>
Net position - ending				<u>\$ 7,813,727</u>

The accompanying notes are an integral part of these financial statements.

Boyle County Library Taxing District
Balance Sheet
All Fund Types and Account Groups
June 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash, unrestricted	\$ 3,032,952	\$ -	\$ 3,032,952
Cash, restricted	-	85,136	85,136
Accounts receivable	9,338	-	9,338
Total Assets	<u>\$ 3,042,290</u>	<u>\$ 85,136</u>	<u>\$ 3,127,426</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Assigned for:			
Debt service	\$ -	\$ 85,136	\$ 85,136
Unassigned	3,042,290	-	3,042,290
Total Fund Balances	<u>\$ 3,042,290</u>	<u>\$ 85,136</u>	<u>\$ 3,127,426</u>

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund	\$ 6,941,301
Certain liabilities (including bonds payable) are not due and payable in the current period and therefore, not reported in the fund	<u>(2,255,000)</u>
Net position of governmental activities	<u>\$ 7,813,727</u>

The accompanying notes are an integral part of these financial statements.

Boyle County Library Taxing District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund Types
For The Year Ended June 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Public library tax:			
Boyle County Sheriff	\$ 2,116,830	\$ -	\$ 2,116,830
Boyle County Clerk	103,900	-	103,900
Kentucky Revenue Department	32,796	-	32,796
Commonwealth of KY- PLFC Grant	-	105,000	105,000
Grant revenues	3,552	-	3,552
Interest	8,104	60	8,164
	<u>2,265,182</u>	<u>105,060</u>	<u>2,370,242</u>
Total Revenue			
	<u>2,265,182</u>	<u>105,060</u>	<u>2,370,242</u>
Expenditures			
Current			
Transfers to Danville Library, Inc.			
Public library tax	\$ 1,700,000	\$ -	\$ 1,700,000
Grants	3,552	-	3,552
General operating expenses	5,490	-	5,490
Debt service principal	-	295,000	295,000
Debt service interest expense	-	52,615	52,615
	<u>1,709,042</u>	<u>347,615</u>	<u>2,056,657</u>
Total Current Expenditures			
	<u>1,709,042</u>	<u>347,615</u>	<u>2,056,657</u>
Operating capital outlays	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,709,042</u>	<u>347,615</u>	<u>2,056,657</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 556,140	\$ (242,555)	\$ 313,585
Other Financing Sources (Uses)			
Transfers (to)/from other funds	(325,000)	325,000	-
	<u>(325,000)</u>	<u>325,000</u>	<u>-</u>
Total Other Financing Sources (Uses)			
	<u>(325,000)</u>	<u>325,000</u>	<u>-</u>
Net change in fund balance	231,140	82,445	313,585
Fund balance - beginning	2,811,150	2,691	2,813,841
Fund balance - ending	<u>\$ 3,042,290</u>	<u>\$ 85,136</u>	<u>\$ 3,127,426</u>

The accompanying notes are an integral part of these financial statements.

Boyle County Library Taxing District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Fund Types to the Statement of Activities
For The Year Ended June 30, 2023

Reconciliation to the Statement of Activities:

Net Change in Fund Balance - Governmental Fund	\$	313,585
--	----	---------

Government Funds report capital outlays as expenditures; however,
in the Statement of Activities the cost of those assets are allocated over
their useful lives and reported as depreciation expenses.

Depreciation Expense		(255,503)
----------------------	--	-----------

Repayment of loan principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the Statement of Net Position

		295,000
--	--	---------

Change in Net Position of Governmental Activities

	\$	353,082
--	----	---------

The accompanying notes are an integral part of these financial statements.

Boyle County Library Taxing District
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Boyle County Library Taxing District (the Taxing District) was created in 1988 as a taxing district. This library district was formed by the Boyle County Fiscal Court pursuant to K.R.S. 65.182 et. seq. and K.R.S. 173.450 et. seq. A countywide tax shall be collected for the public library district in the manner described in K.R.S. 65.182 and other applicable law. The affairs of the public library district shall be operated by a Board of Trustees as set forth by K.R.S. 173.450.

The Taxing District contracts with Danville Library, Inc. to provide library services for all Boyle County residents. Danville Library, Inc. provides access to materials and services to help users obtain information to meet their educational, personal, and professional needs. Danville Library serves as a lifelong learning and general information center and as an access point for current resources of local, regional, and broader interests. Danville Library's primary emphasis is on developing a collection of materials for people of all ages to use in their pursuit of personal growth, development, and leisure.

Basis of Presentation

The financial statements of the Taxing District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the Taxing District as a whole.

Fund Financial Statements – are organized into funds, each of which is considered separately. The Taxing District has three such governmental funds that accounts for the daily operating activity of the Taxing District. A description of such funds are as follows:

- The General Fund is the primary and only operating fund of the Taxing District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.
- The Debt Services Fund is another secondary fund of the Taxing District. It accounts for financial resources used to pay on the Taxing District's bond. The funds can only be used for principal and interest payments.

Basis of Accounting

In the government-wide Statement of Net Position and the Statement of Activities, all activities are presented under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property taxes are recorded as revenue when collected and available to be remitted to the Taxing District by county tax collection agencies. Expenditures are recognized when the related fund liability is incurred.

Boyle County Library Taxing District
Notes to Financial Statements
June 30, 2023

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 30th 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, 2023 was \$255,503.

Boyle County Library Taxing District
Notes to Financial Statements
June 30, 2023

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, 2023, fund balances are comprised of the following:

	<u>General Fund</u>
Assigned- Debt Service	\$ 85,136
Unassigned	\$ 3,042,290

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, 2023 was as follows:

Category 1	\$ 250,000
Category 2	\$ 2,868,088
Category 3	\$ -

Boyle County Library Taxing District
Notes to Financial Statements
June 30, 2023

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, 2023:

	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash Accounts:			
Checking Accounts	\$ 21,888	\$ -	\$ 21,888
Money Market Accounts	3,011,064	85,136	3,096,200
	<u>\$ 3,032,952</u>	<u>\$ 85,136</u>	<u>\$ 3,118,088</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, 2023 was as follows:

Governmental Activities	June 30, 2022	Additions	Disposals	June 30, 2023
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	3,273,687	252,980	-	3,526,667
Furniture and equipment	803,757	-	-	803,757
Electronics	25,996	-	-	25,996
Vehicle	15,453	2,523	-	17,976
Total accumulated depreciation	<u>4,118,893</u>	<u>255,503</u>	<u>-</u>	<u>4,374,396</u>
Capital assets – net	<u>\$ 7,196,804</u>	<u>\$ (255,503)</u>	<u>\$ -</u>	<u>\$ 6,941,301</u>

Boyle County Library Taxing District
Notes to Financial Statements
June 30, 2023

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 \$2,255,000 are summarized as follows:

	Principal	Interest	Total
June 2024	\$ 305,000	\$ 49,625	\$ 354,625
June 2025	310,000	43,525	353,525
June 2026	310,000	37,325	347,325
June 2027	210,000	31,125	241,125
June 2028	215,000	26,925	241,925
June 2029 - 2033	905,000	56,838	961,838
Total	<u>\$ 2,255,000</u>	<u>\$ 245,363</u>	<u>\$ 2,500,363</u>

NOTE 6 – LONG-TERM OBLIGATIONS

A summary of changes in long-term debt follows:

	Series 2016 Bonds
Payable at June 30, 2022	\$ 2,550,000
Debt retired during the year	(295,000)
Payable at June 30, 2023	<u>\$ 2,255,000</u>

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, 2027.

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, 2023

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, 2023, the seventeenth \$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 2023 were levied on October 1, 2022 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 – SUBSEQUENT EVENTS

Management of the Taxing District has considered subsequent events through December 20, 2023, 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, 2023, 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 December 20, 2023.

Report on 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 opinion 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 or significant deficiencies may exist that were not identified.

Report on 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 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.

Craft, Waninger, Noble & Company, PLLC

Craft, Waninger, Noble & Company, PLLC
Richmond, Kentucky
December 20, 2023

Boyle County Library Taxing District
Statement of Revenues, Expenditures and Changes in General Fund Balance
Budget and Actual
For The Year Ended June 30, 2023

Revenues	Original Budget	Revised Budget	Actual	Favorable (Unfavorable) Balance
Public library tax	\$ 1,980,189	\$ 1,980,189	\$ 2,253,526	\$ 273,337
Grant revenues	-	-	3,552	3,552
Investment income	2,100	2,100	8,104	6,004
Donations & other revenues	-	-	-	-
Total Revenue	1,982,289	1,982,289	2,265,182	282,893
Expenditures				
Transfers to Danville Library, Inc.				
Public library tax	1,700,000	1,700,000	1,700,000	-
Grants	-	-	3,552	(3,552)
General operating expenses	7,000	7,000	5,490	1,510
Total Current Expenditures	1,707,000	1,707,000	1,709,042	(2,042)
Operating capital outlays	-	-	-	-
Total Expenditures	1,707,000	1,707,000	1,709,042	(2,042)
Excess of revenues over expenditures	275,289	275,289	556,140	280,851
Other financing sources (uses)				
Transfers (to) from other funds	(275,289)	(275,289)	(325,000)	(49,711)
Net change in fund balance	-	-	231,140	\$ 231,140
Fund balance - beginning	2,811,150	2,811,150	2,811,150	
Fund balance - ending	\$ 2,811,150	\$ 2,811,150	\$ 3,042,290	

See Independent Auditor's Report.