

GREEN COUNTY PUBLIC LIBRARY DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
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JUNE 30, 2020**

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SUMMERS, MCCRARY & SPARKS, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Green County Public Library District
Liberty, KY

We have audited the accompanying financial statements of the governmental activities and the general fund of Green County Public Library District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Green County Public Library District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Green County Public Library District, as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 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 March 25, 2021, on our consideration of the Green County Public Library 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 Green County Public Library District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
March 25, 2021

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Green County Public Library's (GCPL) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the GCPL's financial activities, (c) identify changes in the GCPL's financial position (its ability to address the next and subsequent year's challenges), (d) identify any material deviations from the financial plan (the approved budget), if any, and (e) identify individual fund issues or concerns.

We encourage readers to read this information in conjunction with the financial statements and notes to gain a more complete picture of the information presented.

Financial Highlights

- The assets of the GCPL exceeded its liabilities at June 30, 2020 by \$258,834 (net position), an increase of \$24,606 compared to June 30, 2019. Of this amount, \$257,104 (unrestricted net position) may be used to meet GCPL's ongoing obligations to patrons.
- At the end of fiscal year 2020, GCPL's governmental fund had a fund balance of \$257,104, an increase of \$25,742 from the prior fiscal year. The entire fund balance is available for spending at the GCPL's discretion.

Overview of the Financial Statements

GCPL's basic financial statements are comprised of government-wide financial statements, fund financial statements and notes to the financial statements.

Government-Wide Financial Statements

The Statement of Net Position combines and consolidates all of GCPL's current financial resources (short-term spendable resources) with capital assets using the accrual basis of accounting. The end result is net position that is segregated into two components: invested in capital assets and unrestricted net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of GCPL is improving or deteriorating.

The Statement of Activities presents information showing how GCPL's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Fund Financial Statements

A fund is a self-balancing set of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GCPL uses fund accounting to demonstrate legal compliance and to aid in financial management. GCPL uses only the governmental fund category.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

GCPL maintained one individual governmental fund in the 2019-20 fiscal year, the General Fund.

GCPL adopts an annual appropriated budget for its governmental fund. A budgetary comparison has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes to the financial statements compliment the financial statements by describing qualifying factors and changes throughout the fiscal year. The notes can be found on pages 17-23 of this report.

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Government-Wide Financial Analysis

GCPL's Net Position

		Governmental Activities
Assets:		
Current assets	\$	278,605
Capital assets		1,730
Total Assets	\$	280,335
Liabilities:		
Current liabilities	\$	1,826
Long-term liabilities		19,675
Total liabilities		21,501
Net Position:		
Invested in capital assets		1,730
Unrestricted		257,104
Total net position		258,834
Total liabilities and net position	\$	280,335

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. For GCPL, net position was \$258,834 at the end of FY2020, an increase of \$24,606 (10.5%) from FY2019's net position of \$234,228.

At the end of FY2020, total net position was made up of investment in capital assets (1%) and unrestricted net assets (99%) that may be used to meet GCPL's ongoing obligations to patrons. GCPL is able to report positive balances in both categories of net position.

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

GCPL's Statement of Activities

		Governmental Activities
Revenues:		
Program Revenues		
Charges for services	\$	11,520
General Revenues		
Special district/property tax		300,770
Franchise tax		70,609
Motor vehicle tax		11,932
Delinquent tax		5,500
Telecommunications tax		3,434
State aid		12,621
Interest income		126
Donations		305
Total revenues		416,817
Expenses:		
Program Expenses		392,211
Total expenses		392,211
Change in net position		24,606
Net Position, beginning of year		234,228
Net Position, end of year	\$	258,834

GCPL's net position increased \$24,606 during FY2020. Special district/property tax makes up 72% of total revenues, franchise tax makes up 17% of total revenues, state aid makes up 3% of total revenues, motor vehicle tax makes up 3% of total revenues, charges for services makes up 3% of total revenues, delinquent tax makes up 1% of total revenues, and the remaining telecommunications tax, interest income and donations, combined, make up 1% of total revenues.

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Fund Financial Analysis

Governmental Funds Balance Sheet

		General Fund
Assets:		
Cash and cash equivalents	\$	276,816
Accounts receivable		68
Prepaid expenses		1,721
Total Assets	\$	278,605
Liabilities:		
Accounts payable	\$	85
Payroll liabilities		1,744
Compensated absences		19,675
Total Liabilities		21,501
Fund Balances:		
Unassigned		257,104
Total Fund balances		257,104
Total Liabilities and Fund Balance	\$	278,605

As of the end of FY2020, GCPL's governmental fund reported combined ending fund balance of \$257,104, an increase of \$25,742 (11.1%) from FY2019's fund balance of \$231,362. Of the FY2020 ending fund balance, \$257,104 or 100%, constitutes unassigned fund balance and is available for spending at GCPL's discretion.

Statements of Revenues, Expenditures and Changes in Fund Balance

		General Fund
Revenues:		
Taxes	\$	388,811
Intergovernmental		16,055
Miscellaneous		11,951
Total revenues		416,817
Expenses:		
Program expenses		297,236
Administration expenses		93,839
Total expenses		391,075
Net change in fund balance		25,742
Fund balance, beginning of year		231,362
Fund balance, end of year	\$	257,104

The net change in fund balance for FY2020 was an increase of \$25,742.

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

General Fund Budgetary Highlights

The original FY2020 budget was approved June 18, 2019. State regulations require budget controls to be exercised at the function level.

In relation to the final budget, taxes collected were \$388,811, which was a positive variance of \$3,011. Intergovernmental revenues of \$16,055 ended \$1,114 over budget and miscellaneous revenues of \$11,951 were slightly less than the final budget.

Actual expenditures were \$391,075 or \$22,475 less than the final budget.

Capital Assets

At June 30, 2020, GCPL had \$1,730 invested in capital assets (net of accumulated depreciation). This investment in capital assets includes furniture and fixtures; and machinery and equipment. This amount represents a net decrease of \$1,136 from last year. The following table reflects capital assets of GCPL at June 30, 2020.

**GCPL's Capital Assets
(net of depreciation)**

Furniture and Fixtures	\$	0
Machinery and Equipment		1,730
Total capital assets, net of depreciation	\$	<u>1,730</u>

Major capital asset events during the current fiscal year include the following:

- Current year depreciation expense was \$2,532.

**Green County Public Library
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Economic Factors and Next Year's Budget

- Future looks brighter in our 2021-22 budget coming soon with all the growth in businesses in the country. Past years unemployment rates have been high, so hopefully the new businesses plus a new hospital in the future will bring jobs and keep our small but great community alive and well.
- Real property within GCPL's assessment district increased in value to \$391,628,903, increase of \$17,484,355 since 2019.
- Our 2020-21 budget income and expenditures both were lowered \$18,550 from our 2019-20 budget due to the fact we did not know if citizens would be able to pay taxes because of the COVID-19 outbreak.
- Our budget increased funds by a small margin for computer replacement and additional software plus an increase for databases.
- Requirements for continuing education of staff members have risen in cost. We will set aside more funds in the 2021-22 budget.
- Our programs and technology assistance for all ages have grown and become an integral part of library service. More of the budget may be funneled into these areas.
- Collaboration with Adult Services in Green County will help adults get their GED for employment. We will be including budget funds to aid in this process for teaching materials needed.
- Funds continue to be set aside for building repairs from rain damage; new drywalling, paint, etc.

These factors were considered in preparing GCPL's budget for the fiscal year 2020-21.

Requests for Information

This financial report is designed to provide its users with a general overview of GCPL's finances and to show GCPL's accountability for the money it receives. Any questions, comments, or requests for additional financial information should be addressed to:

Green County Public Library
Shelly Pruitt, Director
112 West Court Street
Greensburg, Kentucky 42743

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 276,816
Accounts Receivable	68
Prepaid Expenses	1,721
Total Current Assets	<u>278,605</u>
NONCURRENT ASSETS:	
Capital Assets:	
Property and Equipment, Net of Accumulated Depreciation	1,730
Total Noncurrent Assets	<u>1,730</u>
TOTAL ASSETS	\$ <u><u>280,335</u></u>
CURRENT LIABILITIES:	
Accounts Payable	\$ 82
Payroll Liabilities	1,744
Total Current Liabilities	<u>1,826</u>
NONCURRENT LIABILITIES:	
Compensated Absences	19,675
Total Noncurrent Liabilities	<u>19,675</u>
TOTAL LIABILITIES	21,501
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	1,730
Unrestricted	257,104
TOTAL NET POSITION	<u><u>258,834</u></u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>280,335</u></u>

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues		Net (Expense) Revenue and Change in Net Assets
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Governmental Activities
Governmental Activities:			
General Government Program Expenses	\$ 392,211	\$ 11,520	\$ (380,691)
Total Governmental Activities	\$ 392,211	\$ 11,520	\$ (380,691)
General revenues:			
Special District/Property Tax			\$ 300,770
Franchise Tax			70,609
Motor Vehicle Tax			11,932
Deliquent Tax			5,500
Telecommunications Tax			3,434
State Aid			12,621
Interest Income			126
Donations			305
Total General Revenues			405,297
CHANGE IN NET POSITION			24,606
NET POSITION, BEGINNING OF YEAR			234,228
NET POSITION, END OF YEAR			\$ 258,834

See Accompanying Notes to the Basic Financial Statements

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020**

		<u>GENERAL FUND</u>
ASSETS		
Cash and Cash Equivalents	\$	276,816
Accounts Receivable		68
Prepaid Expenses		<u>1,721</u>
TOTAL ASSETS	\$	<u><u>278,605</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable		82
Payroll Liabilities		1,744
Compensated Absences		<u>19,675</u>
Total Liabilities		<u>21,501</u>
Fund Balance:		
Unassigned		<u>257,104</u>
Total Fund Balance		<u>257,104</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>278,605</u></u>

See Accompanying Notes to the Basic Financial Statements

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund Balance - Governmental Fund	\$	257,104
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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 governmental fund.

Governmental Capital Assets	\$	87,829	
Less: Accumulated Depreciation		<u>(86,099)</u>	
			<u>1,730</u>

Net Position - Governmental Activities	\$	<u><u>258,834</u></u>
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**GREEN COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund
REVENUES:	
Taxes:	
Special District/Property Tax	\$ 300,770
Franchise Tax	70,609
Motor Vehicle Tax	11,932
Delinquent Tax	5,500
Intergovernmental:	
Telecommunications Tax	3,434
State Aid	12,621
Miscellaneous:	
Copies/Desk Receipts	2,751
Interest Income	126
Donations	305
Other Income	8,769
Total Revenues	416,817
EXPENDITURES:	
Program Expenses:	
Salaries	175,477
Health Insurance	43,075
Payroll Taxes	15,400
Library Books	23,897
Library Materials	15,874
Adult Program	300
Childrens Program	1,729
Genealogy	229
Outreach	1,198
Young Adult Program	394
Miscellaneous Programs	7,574
Supplies	12,089
	297,236
Administration Expenses:	
Continuing Education	2,383
Computer Expense	11,055
Office Supplies	8,102
Postage	755
Professional Fees	1,200
Insurance	1,518
Utilities	11,277
Telephone	3,575
Repairs and Maintenance	29,844
Miscellaneous	7,275
Furnishings/Equipment	16,855
	93,839
Total Expenditures	391,075
NET CHANGE IN FUND BALANCE	25,742
FUND BALANCE, BEGINNING OF YEAR	231,362
FUND BALANCE, END OF YEAR	\$ 257,104

See Accompanying Notes to the Basic Financial Statements

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balance - Governmental Fund \$ 25,742

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when assets are sold.

Expenditures for Capital Assets	\$	1,396	
Less: Current Year Depreciation		<u>(2,532)</u>	
			<u>(1,136)</u>

Change in Net Position - Governmental Activities \$ 24,606

GREEN COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Special District/Property Tax	\$ 292,000	\$ 292,000	\$ 300,770	\$ 8,770
Franchise Tax	74,000	74,000	70,609	(3,391)
Motor Vehicle Tax	12,000	15,000	11,932	(3,068)
Delinquent Tax	4,800	4,800	5,500	700
Intergovernmental:				
Telecommunications Tax	3,400	3,400	3,434	34
State Aid	11,541	11,541	12,621	1,080
Miscellaneous:				
Copies/Desk Receipts	4,000	4,000	2,751	(1,249)
Interest Income	100	100	126	26
Donations	3,800	3,800	305	(3,495)
Grant Income	2,134	2,134	-	(2,134)
Other Income	2,775	2,775	8,769	5,994
Total Revenues	<u>410,550</u>	<u>413,550</u>	<u>416,817</u>	<u>3,267</u>
EXPENDITURES:				
Program Expenses:				
Salaries	190,900	184,350	175,477	8,873
Health Insurance	43,100	43,100	43,075	25
Payroll Taxes	17,000	17,000	15,400	1,600
Library Books	28,850	24,000	23,897	103
Library Materials	17,750	17,750	15,874	1,876
Adult Program	2,500	500	300	200
Childrens Program	4,000	2,000	1,729	271
Genealogy	500	300	229	71
Outreach	2,000	1,200	1,198	2
Young Adult Program	2,500	500	394	106
Miscellaneous Programs	8,700	8,500	7,574	926
Supplies	6,000	14,000	12,089	1,911
	<u>323,800</u>	<u>313,200</u>	<u>297,236</u>	<u>15,964</u>
Administration Expenses:				
Continuing Education	1,000	2,400	2,383	17
Computer Expense	13,800	15,370	11,055	4,315
Office Supplies	3,600	8,200	8,102	98
Postage	1,200	1,200	755	445
Professional Fees	10,000	1,200	1,200	-
Insurance	2,000	2,000	1,518	482
Utilities	12,000	12,500	11,277	1,223
Telephone	3,600	4,000	3,575	425
Repairs and Maintenance	20,000	27,810	29,844	(2,034)
Miscellaneous	6,350	8,470	7,275	1,195
Furnishings/Equipment	13,200	17,200	16,855	345
	<u>86,750</u>	<u>100,350</u>	<u>93,839</u>	<u>6,511</u>
Total Expenditures	<u>410,550</u>	<u>413,550</u>	<u>391,075</u>	<u>22,475</u>
NET CHANGE IN FUND BALANCE	-	-	25,742	25,742
FUND BALANCE, BEGINNING OF YEAR	<u>253,880</u>	<u>253,880</u>	<u>231,362</u>	-
FUND BALANCE, END OF YEAR	<u>\$ 253,880</u>	<u>\$ 253,880</u>	<u>\$ 257,104</u>	<u>\$ 3,224</u>

See Accompany Notes to the Basic Financial Statements

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Green County Public Library District (Library) was established and operates as an independent governmental unit and organized under KRS 65.182 as a public library district. The Library is governed by the Green County Public Library District Board of Trustees. The Board is made up of five members appointed by the County Judge Executive from a pool selected by the State Librarian. They are appointed for a four-year period and may be re-appointed for an additional four years. The members of the Board and their terms are as follows:

Zachary Leftwich	February 14, 2025
Brenda Hall	February 14, 2023
Shelia Stearman	February 14, 2024
Kim Blakeman	February 14, 2023
Christina Smith	February 14, 2024

The Library is the level of government which has oversight responsibilities over all activities related to the public library within its jurisdiction. The Library receives funding from local and state government sources and must comply with the commitment requirements of these funding source entities. However, the Library is not included in any other governmental reporting entity as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards, as it has decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The financial statements of the Library include those of separately administered organizations that are controlled by or dependent on the Library. Control of dependence is determined on the basis of budget adoption, funding, and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements.

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net position and the statement of activities. All economic resources and obligations of the Library are reported in the financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function. Program revenues include 1) fees, fines, and charges paid by recipients of goods or services offered by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements consist of the balance sheet, the statement of revenues, expenditures and changes in fund balances, and the statement of revenues, expenditures and changes in fund balances – budget and actual of the Library’s governmental funds. The emphasis of fund financial statements is on the major governmental funds, which are each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using *the economic resources measurement focus* and *the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements are imposed by the provider have been met.

Government fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liabilities are incurred, as under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due (or when payment is made).

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

Property taxes, telecommunications taxes, interest associated with the current fiscal period, and federal, state and local grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Charges for services, fines and contributions are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures (no later than 60 days after year-end).

The Library reports deferred/unearned revenue in the fund financial statements and the government-wide financial statements. Governmental funds report deferred revenue in connection with resources that have been received, but not yet earned. Unearned revenue at the government-wide level arises only when the Library receives resources before it has a legal claim to them.

The Library reports one major governmental fund. The General Fund is the Library's primary operating fund. It accounts for all financial resources and costs associated with the general government, except those that are required to be accounted for in other funds.

Assets, Liabilities, and Equity

a) Cash and Cash Equivalents

The Library maintains two checking accounts. Cash and cash equivalents include currency on hand, demand deposits with banks and certificates of deposit all of which are considered cash or cash equivalents.

b) Property Taxes

The Library receives most of its revenue from real and tangible property taxes, motor vehicles taxes and franchise taxes collected by the Sheriff and County Clerk. Property taxes for fiscal year 2019-2020 were assessed on property located in Green County as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. Taxes are levied in mid-September each year and a 2% discount can be received beginning November 1 through November 30. Taxes are due at the face amount beginning December 1 through December 31. A 5% penalty will be assessed January 1 through January 31 to unpaid taxes. Taxes unpaid beginning February 1 are assessed a penalty of 21% thereafter.

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (continued)

c) Capital Assets

Capital assets are defined as those assets with an initial cost of \$500 or more and an estimated useful life of more than one year. All purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Technology Equipment	3 years
Furniture and Fixtures	7 years

d) Compensated Absences

The Library employees are granted a specific number of paid vacation and sick leave days. After six months of employment, permanent full-time employees receive 144 paid time off hours per fiscal year. Their hours can be rolled over at the end of the year and are paid out upon retirement or termination. As of June 30, 2020 the Library's compensated absence liability was \$19,675.

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (continued)

e) Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

1. Invested in Capital Assets, Net of Related Debt – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, net of unspent financial proceeds, if any.
2. Restricted Net Position – consists of net position with constraints placed on them by either an external party (such as grantors and contributors) or imposed by law through a constitutional provision or enabling legislation.
3. Unrestricted Net Position – consists of net position that does not meet the definition of “invested in capital assets, net of related debt” or restricted net position.

In the fund financial statements, governmental fund equity is classified into a hierarchy that is based primarily on the extent to which the Library is bound to honor constraints on specific purposes for which amount in the respective governmental funds can be spent. The classifications used in fund financial statements are as follows:

1. Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories and prepaid items.
2. Restricted Fund Balances – includes constraints placed on the use of these resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors or other governments; or are imposed by laws (through constitutional provisions or enabling legislation).
3. Committed Fund Balance – includes amounts that can be used only for a specific purpose because of a formal action (resolution) by the Board of Trustees, which is the Library’s highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (continued)

f) Equity Classifications (Continued)

4. Assigned Fund Balance – includes amounts that are constrained by the Library’s intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The Board of Trustees delegates authority to assign fund balances to the Library’s Executive Director. Constraints imposed on the use of assigned amounts can be removed without formal action by the Board of Trustees.
5. Unassigned Fund Balance – this is the residual classification of fund balance in the General Fund, which has not been reported in any other classification.

The Library would typically use Restricted Fund Balances first, followed by Committed Fund Balances, and then Assigned Fund Balances, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned Fund Balances first to defer the use of these other classified amounts.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is submitted to the Board of Trustees for their approval. The approved budget is required to be submitted to the County Clerk and is available for public inspection. No moneys are to be expended from any funds, or any sources, except in accordance with the budget. Once approved, the Board may amend the legally adopted budget when unexpected significant modifications are required in estimated revenues and expenditures. The budget is prepared on the modified accrual basis of accounting.

Compliance with Kentucky Revised Statutes

The Library conformed to all significant statutory constraints on its financial administration during this fiscal year.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Library considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Custodial Credit Risk is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the policy of the Library for all deposits to be fully covered by FDIC insurance or collateralized by the financial institutions trust department or agent and be held in the Library’s name. As of June 30, 2020, all of the Library’s cash and cash equivalents, recorded and bank balances, were fully covered by FDIC insurance and pledged securities.

**GREEN COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 4 – CAPITAL ASSET

The following schedule summarizes the changes in capital assets for the year ended June 30, 2020:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital Assets, depreciable				
Furniture and Fixtures	\$ 54,477	\$ 0	\$ 0	\$ 54,477
Machinery and Equipment	31,956	1,396	0	33,352
Total Capital Assets, depreciable	<u>86,433</u>	<u>1,396</u>	<u>0</u>	<u>87,829</u>
Less Accumulated Depreciation:				
Furniture and Fixtures	(54,477)	0	0	(54,477)
Machinery and Equipment	(29,090)	(2,532)	0	(31,622)
Total Accumulated Depreciation	<u>(83,567)</u>	<u>(2,532)</u>	<u>0</u>	<u>(86,099)</u>
Total Capital Assets, depreciable, Net	<u>\$ 2,866</u>	<u>\$ (2,532)</u>	<u>\$ 0</u>	<u>\$ 1,730</u>

Depreciation expense of \$2,532 was charged to Program Activities during the year.

NOTE 5 – RISK MANAGEMENT

The Library is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions. The Library carries insurance policies for liability, fire, theft, auto, inland marine, workers compensation, Directors and Officers coverage and health insurance coverage for its full-time employees. Any settle claims resulting from these risks have not exceeded commercial insurance coverage in any of the past several years.

NOTE 6 – RISKS AND UNCERTAINTIES

During the year ended June 30, 2020, the World Health Organization declared the coronavirus disease (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity. The continued spread of the disease represents a significant risk that operations could be disrupted in the foreseeable future. The full extent to which COVID-19 impacts the Library will depend on future developments which are highly uncertain and cannot be predicted.

SUMMERS, MCCRARY & SPARKS, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:	
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS	STUART K. McCRARY, JR., CPA THOMAS S. SPARKS, CPA RYAN R. LASKI, CPA
KENTUCKY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS	SUSAN A. LACY, CPA JUSTIN B. NICHOLS, CPA EMILY N. JACKSON, CPA ALEX R. LEE, CPA
PRIVATE COMPANIES PRACTICE SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS	LAURENCE T. SUMMERS 1961-1992

INDEPENDENT AUDITOR'S 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
Green County Public Library District
Liberty, KY

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 and the general fund of Green County Public Library District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Green County Public Library District's basic financial statements, and have issued our report thereon dated March 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green County Public Library District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Green County Public Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of Green County Public Library 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 Green County Public Library 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.

Summers, McCrary & Sparks, PSC

Lexington, KY
March 25, 2021