

**WILLIAM B. HARLAN MEMORIAL LIBRARY**

**Audited Financial Statements**

**For the Year Ended  
June 30, 2020**



## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet-Governmental Funds	5
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9-15
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual	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
Schedule of Findings and Responses	19



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ▪ R. Brent Billingsley, CPA ▪ Ryan A. Mosier, CPA

Skip R. Campbell, CPA ▪ L. Joe Rutledge, CPA ▪ Jenna B. Glass, CPA ▪ L. Caitlin Hagan, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
William B. Harlan Memorial Library  
Tompkinsville, KY 42167

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities of the William B. Harlan Memorial Library, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise William B. Harlan Memorial Library'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 of William B. Harlan Memorial Library, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 16 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 June 25, 2021, on our consideration of the William B. Harlan Memorial Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the William B. Harlan Memorial Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the William B. Harlan Memorial Library's internal control over financial reporting and compliance.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants  
Glasgow, Kentucky

June 25, 2021

**William B. Harlan Memorial Library**  
**Statement of Net Position**  
**June 30, 2020**

**Assets:**

**Current Assets**

Cash and cash equivalents	\$ 439,790
<b>Total Current Assets</b>	<u>439,790</u>

**Non-Current Assets**

Capital Assets:

Non-depreciable	39,000
Depreciable, net	<u>1,330,284</u>

<b>Total Non-Current Assets</b>	<u>1,369,284</u>
---------------------------------	------------------

<b>Total Assets</b>	<u>1,809,074</u>
---------------------	------------------

**Liabilities:**

**Current Liabilities**

Accrued payroll tax	885
Accrued interest	3,106
Bonds payable - current portion	<u>36,024</u>

<b>Total Current Liabilities</b>	<u>40,015</u>
----------------------------------	---------------

**Non-Current Liabilities**

Bonds payable - non current	<u>1,076,050</u>
-----------------------------	------------------

<b>Total Non-Current Liabilities</b>	<u>1,076,050</u>
--------------------------------------	------------------

<b>Total Liabilities</b>	<u>1,116,065</u>
--------------------------	------------------

**Net Position**

Net investment in capital assets	1,369,284
Restricted	-
Unrestricted	<u>(676,275)</u>

<b>Total Net Position</b>	<u>\$ 693,009</u>
---------------------------	-------------------

The accompanying notes are an integral  
part of the financial statement.

**William B. Harlan Memorial Library  
Statement of Activities  
For the Year Ended June 30, 2020**

<b>Functions/Programs</b>	<u>Program Revenues</u>				<b>Net (Expense) Revenue and Changes in Net Position</b>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Government Activities					
Library operations	\$ 229,459	\$ 3,768	\$ 889	\$ 50,500	\$ (174,302)
Interest expense	19,281	-	-	-	(19,281)
Depreciation & amortization	18,954	-	-	-	(18,954)
<b>Total Governmental Activities</b>	<u>\$ 267,694</u>	<u>\$ 3,768</u>	<u>\$ 889</u>	<u>\$ 50,500</u>	<u>\$ (212,537)</u>
<b>Change in Net Position</b>					
Net (expense) revenue					<u>\$ (212,537)</u>
<b>General Revenues</b>					
Local tax revenue					292,088
Kentucky Department of Libraries					9,537
Investment income					2,449
Other revenues					123
<b>Total General Revenues</b>					<u>\$ 304,197</u>
<b>Change in Net Position</b>					
					91,660
<b>Net Position, Beginning</b>					<u>601,349</u>
<b>Net Position, Ending</b>					<u>\$ 693,009</u>

The accompanying notes are an integral  
part of the financial statement.

**William B. Harlan Memorial Library  
Balance Sheet – Governmental Funds  
June 30, 2020**

**Assets**

Cash and cash equivalents \$ 439,790

**Total Assets** \$ 439,790

**Liabilities and Fund Balances**

**Liabilities:**

Accrued payroll taxes \$ 885

Accrued interest 3,106

**Total Liabilities** 3,991

**Fund Balances**

Unassigned 435,799

**Total Fund Balances** 435,799

**Total Liabilities and Fund Balances** \$ 439,790

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



**William B. Harlan Memorial Library  
Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Activities  
June 30, 2020**

<b>Fund balances</b>	\$ 435,799
Amounts reported for governmental activities in the Statement of Net Position because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,369,284
Certain liabilities, including bonds payable, are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position. Long-term liabilities at year end consist of:	
Bonds Payable	<u>(1,112,074)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 693,009</u>

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

**William B. Harlan Memorial Library  
Statement of Revenues, Expenditures, and Changes  
In Fund Balance Governmental Funds  
For the Year Ended June 30, 2020**

<b>Revenues</b>	
Local tax revenue	\$ 292,088
Kentucky Department of Libraries	9,537
Charges for services	3,768
Donations	889
Investment income	2,449
Other revenues	<u>123</u>
<b>Total Revenues</b>	<u>308,854</u>
<b>Expenditures</b>	
Salaries and wages	114,285
Payroll taxes	9,223
Advertising	756
Health insurance	38,628
Insurance expense	9,274
Repairs and maintenance	4,040
Supplies	10,380
Telephone	8,790
Utilities	7,141
Library books and materials	18,152
Continued education	1,188
Travel	2,042
Miscellaneous	5,560
Capital outlay	108,298
Debt service	<u>35,000</u>
<b>Total Expenditures</b>	<u>372,757</u>
<b>Other Financing Sources and (Uses)</b>	
Grant proceeds	50,500
Interest expense	<u>(19,281)</u>
<b>Total Other Financing Sources and (Uses)</b>	31,219
<b>Net Change in Fund Balance</b>	(32,684)
<b>Fund Balance, Beginning</b>	<u>468,483</u>
<b>Fund Balance, Ending</b>	<u>\$ 435,799</u>

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

**William B. Harlan Memorial Library**  
**Reconciliation of The Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

**Net Change in Fund Balance - Total Governmental Funds** \$ (32,684)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$108,298 exceeded depreciation of \$17,858 in the current period. 90,440

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. Debt Service in the period (net of discount amortization) 33,904

**Change in Net Position of Governmental Activities** \$ 91,660

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

**William B. Harlan Memorial Library**  
**Notes To The Financial Statements**  
**June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies:**

Summary of Significant Accounting Policies:

The William B. Harlan Memorial Library (hereinafter “the Library”) was established under the provision of the Commonwealth of Kentucky to provide library and related services to the citizens of Tompkinsville, Kentucky.

**Reporting Entity**

In evaluating how to define the Library for financial reporting purposes, management has considered all potential component units. The decision to include a potential component in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for financial matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Library is able to exercise oversight responsibilities. Based upon the application of these criteria, the Library has no component unit.

**Basis of Presentation**

Basic financial statements are presented at both the governmental-wide and fund financial level. Both levels of statements categorize primary activities as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

*Statement of Net Position* presents information on all of the assets and liabilities, with the difference between the two reported as *net position*.

*Statement of Activities* demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that clearly identifiable with a specific function or segment.

Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the financial statements.

**William B. Harlan Memorial Library**  
**Notes To The Financial Statements**  
**June 30, 2020**

**Note 1 - Summary of Significant Accounting Policies, Continued:**

**Basis of Presentation, Concluded**

*General Fund* is the Library's primary and only operating fund. It accounts for all financial operations of the Library and except for those required to be accounted for in another designated fund.

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are required within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified cash basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus is inseparable from modified cash basis accounting. Under modified cash basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and revenues are considered available when they are collected within the period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues taxes and fees, franchise fees, intergovernmental grants, and investment income.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as funds liabilities only when due. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

**William B. Harlan Memorial Library  
Notes To The Financial Statements  
June 30, 2020**

**Note 1 - Summary of Significant Accounting Policies, Continued:**

**Budgeting**

The Library adopts an annual budget for the general fund. The budget is prepared on the cash basis, a comprehensive basis of accounting other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized and recorded when received in cash and when paid, respectively. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements.

**Cash and Investments**

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

Cash and Cash equivalents at June 30, 2020 consisted of the following:

Account	Interest Bearing	General	Total
Checking	yes	\$ 427,692	\$ 427,692
Certificates of Deposit	yes	12,098	12,098
Total		<u>\$ 439,790</u>	<u>\$ 439,790</u>

Investments are reported at cost which approximates fair value. Investments of the Library consist of certificates of deposit.

**Receivables**

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1.

Other receivables consist of amounts due at year end from other state, local and federal governments. Interest and investment revenue receivable in all funds consist of revenue due on each investment.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

**William B. Harlan Memorial Library  
Notes To The Financial Statements  
June 30, 2020**

**Note 1 - Summary of Significant Accounting Policies, Continued:**

**Capital Assets**

Capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The Library defines capital assets as assets with an individual cost of more than \$500, and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized. When assets are retired or otherwise disposed of, the costs are removed from the asset accounts and a gain or loss is recorded. In the Fund Financial Statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and Improvements	39 Years
Leasehold Improvements	15 Years
Equipment	5 Years
Furniture and Fixtures	7 Years
Computers and Software	5 Years

**Net Position/Fund Balances**

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable - This classification 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. The Library had no non-spendable resources as of June 30, 2020.

Restricted - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law. The Library had no restricted resources as of June 30, 2020.

Committed - Portion of fund balance that can only be used for specific purposes imposed by majority vote of the Library Commission Members. Any changes or removal of specific purposes requires majority action by them. The Library had no committed resources as of June 30, 2020.

Assigned - Portion of fund balance that has been budgeted by the Library Commission. The Library had no assigned resources as of June 30, 2020.

Unassigned - Portion of fund balance that has not been restricted, committed or assigned for specific purpose.

**William B. Harlan Memorial Library**  
**Notes To The Financial Statements**  
**June 30, 2020**

**Note 1 - Summary of Significant Accounting Policies, Continued:**

**Credit Risk**

Under Kentucky Revised statute 66.480, the Library is allowed to invest in obligations of the U.S. and of its agencies, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Risks and Uncertainties**

In March 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. Consequently, governments have encouraged self-isolation to curtail the spread. Many industries are experiencing disruptions and the Library's operations could be adversely affected, but the impact is not known at this point. Accordingly, management believes that a material impact on the Library's financial position and results of operations is reasonably possible.

**Note 2 - Concentrations of Credit Risk**

Deposits

At year end, the carrying amount of the Library's cash deposits were \$427,692 and the bank balance was \$435,569. The difference between book and bank balances primarily represents checks that have been issued, but have not cleared the bank as of June 30, 2020. The balance of cash in bank is insured by the FDIC.

Interest Rate Risk: The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently, the Library has one certificate of deposit in the amount of \$12,098 with an interest rate of .25%.

**Note 3 – Deferred Inflows/Outflows of Resources**

The Library adopted GASB No. 63 and in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense) until then. The Library has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Library has no items that qualify for reporting in this category.



**William B. Harlan Memorial Library  
Notes To The Financial Statements  
June 30, 2020**

**Note 4 – Capital Assets**

Capital asset activity for the period ended June 30, 2020 was as follows:

	Beginning Balance 6/30/2019	Increases	Decreases	Ending Balance 6/30/2020
Capital Assets, not being depreciated:				
Land	\$ 39,000	\$ -	\$ -	\$ 39,000
Total capital assets, not being depreciated	<u>39,000</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
Capital assets, being depreciated:				
Buildings and Improvements	1,000,000	-	-	1,000,000
Leashold Improvements	17,206	-	-	17,206
Computers and Software	2,643	2,126	-	4,769
Building Renovation	1,206,221	91,123	-	1,297,344
Equipment	249	8,928	-	9,177
Furniture and Fixtures	21,929	6,121	-	28,050
Total capital assets being depreciated	<u>2,248,248</u>	<u>108,298</u>	<u>-</u>	<u>2,356,546</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,000,000)	-	-	(1,000,000)
Leashold Improvements	(6,112)	(1,034)	-	(7,146)
Computers and Software	(2,291)	(529)	-	(2,820)
Building Renovation	-	(13,861)	-	(13,861)
Equipment	-	(765)	-	(765)
Furniture and Fixtures	-	(1,670)	-	(1,670)
Total accumulated depreciation	<u>(1,008,403)</u>	<u>(17,859)</u>	<u>-</u>	<u>(1,026,262)</u>
Total capital assets, being depreciated, net	<u>1,239,845</u>			<u>1,330,284</u>
Capital assets, net	<u>\$ 1,278,845</u>			<u>\$ 1,369,284</u>

**Note 5 – Subsequent Event**

Management has evaluated subsequent events through June 25, 2021, the date which the financial statements were available to be issued.

**Note 6 – Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 15 and are due and payable at that time. All unpaid taxes levied January 1, become delinquent in the following year. The ad valorem tax for fiscal year 2020 was \$.044 per \$100 assessed valuation for real property, \$.054 per \$100 assessed valuation for tangible property, and \$.023 per \$100 assessed valuation for motor vehicles.

**William B. Harlan Memorial Library  
Notes To The Financial Statements  
June 30, 2020**

**Note 7 – Bonded Debt**

The original amount of the issue, the issue date and interest rate is summarized below:

<u>Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>
Series 2018	\$ 1,175,000	February 1, 2048	3.39% - 4.00%

On May 1, 2018, William B. Harlan Memorial Library issued Financing Program Revenue Bonds, Series 2018, in the amount of \$1,175,000 to renovate and equip the current library building.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of William B. Harlan Library, at June 30, 2020, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 37,084	\$ 38,121	\$ 75,205
2021-22	39,996	37,012	77,008
2022-23	39,996	35,812	75,808
2023-24	39,996	34,612	74,608
2024-25	42,081	33,412	75,493
2026-2030	232,089	147,063	379,152
2031-2035	274,165	107,994	382,159
2036-2040	215,431	59,374	274,805
2041-2045	127,065	30,859	157,924
2046-2048	77,514	5,700	83,214
	<u>\$ 1,125,417</u>	<u>\$ 529,959</u>	<u>\$ 1,655,376</u>

Long-term debt activities for the year ended June 30, 2020, are as follows:

	<u>Balance</u>		<u>Debt Payments</u>	<u>Balance</u>	<u>Amount Due Within</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>and Reductions</u>	<u>June 30, 2020</u>	<u>One Year</u>
2018 Bond Issue	\$ 1,160,421	\$ -	\$ 35,004	\$ 1,125,417	\$ 37,084
Bond Discount	(14,439)	-	(1,096)	(13,343)	(1,060)
Total Bonds, net with discount	<u>\$ 1,145,982</u>	<u>\$ -</u>	<u>\$ 33,908</u>	<u>\$ 1,112,074</u>	<u>\$ 36,024</u>

Long-term debt on the Statement of Net Position is shown net of unamortized Discount on Bonds Payable in the amount of \$13,343 for the year ended June 30, 2020.

- Capitalization of Interest: William B. Harlan incurred interest costs of \$39,169, of which \$19,803 was capitalized and \$19,366 was charged to operations.

## **Required Supplementary Information**

**William B. Harlan Memorial Library**  
**Budgetary Comparison Schedule – General Fund**  
**For The Year Ended June 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local tax revenue	\$ 250,000	\$ 250,000	\$ 292,088	\$ 42,088
Kentucky Department of Libraries	9,000	9,000	9,537	537
Charges for services	3,500	3,500	3,768	268
Donations	1,000	1,000	889	(111)
Investment income	200	200	2,449	2,249
Other revenues	-	-	123	123
<b>Total Revenue</b>	<u>263,700</u>	<u>263,700</u>	<u>308,854</u>	<u>45,154</u>
<b>Expenditures</b>				
Salaries and wages	123,696	123,696	114,285	9,411
Payroll taxes	10,700	10,700	9,223	1,477
Advertising	1,200	1,200	756	444
Health insurance	33,000	33,000	38,628	(5,628)
Insurance expense	11,000	11,000	9,274	1,726
Repairs and maintenance	6,500	6,500	4,040	2,460
Furnitures, equipment, and computers	7,000	7,000	-	7,000
Supplies	15,500	15,500	10,380	5,120
Telephone	8,000	8,000	8,790	(790)
Utilities	20,000	20,000	7,141	12,859
Library books and materials	30,500	30,500	18,152	12,348
Bookmobile operating	1,000	1,000	-	1,000
Bookmobile repairs and insurance	2,000	2,000	-	2,000
Dues and subscriptions	1,200	1,200	-	1,200
Continued education	500	500	1,188	(688)
Travel	2,000	2,000	2,042	(42)
Miscellaneous	215,319	215,319	5,560	209,759
Bond service fees	4,060	4,060	-	4,060
Capital outlay	-	-	108,298	(108,298)
Debt service	77,525	77,525	35,000	42,525
<b>Total Expenditures</b>	<u>570,700</u>	<u>570,700</u>	<u>372,757</u>	<u>197,943</u>
<b>Other Financing Sources and (Uses)</b>				
Grant proceeds	45,500	45,500	50,500	(5,000)
Interest expense	-	-	(19,281)	19,281
<b>Total Other Financing Sources and (Uses)</b>	<u>45,500</u>	<u>45,500</u>	<u>31,219</u>	<u>14,281</u>
<b>Net Change In Fund Balance</b>	(261,500)	(261,500)	(32,684)	(138,508)
<b>Fund Balance, Beginning</b>	<u>468,483</u>	<u>468,483</u>	<u>468,483</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 206,983</u>	<u>\$ 206,983</u>	<u>\$ 435,799</u>	<u>\$ (138,508)</u>



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 Directors  
William B. Harlan Memorial Library

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of William B. Harlan Memorial Library, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise William B. Harlan Memorial Library's basic financial statements and have issued our report thereon dated June 25, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered William B. Harlan Memorial Library'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 the William B. Harlan Memorial Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the William B. Harlan Memorial Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the William B. Harlan Memorial Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **William B. Harlan Memorial Library's Response to Findings**

William B. Harlan Memorial Library's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. William B. Harlan Memorial Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
June 25, 2021

**William B. Harlan Memorial Library  
Schedule of Findings and Responses  
For The Year Ended June 30, 2020**

**2020-001 Internal Control Over Financial Reporting**

**Criteria:** Management is responsible for maintaining a system of internal control including employing an individual capable of creating financial statements including footnotes.

**Condition:** The Library does not have an individual capable of creating financial statements, including footnotes.

**Effect:** There is an increased risk of material misstatement due to the deficiency in internal control.

**Recommendation:** We recommend that the Library seek compensating controls to mitigate this deficiency.

**Management's Response:** We have a CPA who enters receipts and disbursements into an accounting software. He also reviews the monthly financial statements.

