

**REPORT OF THE AUDIT OF THE  
OHIO COUNTY  
PUBLIC LIBRARY TAXING DISTRICT**

**For The Fiscal Year Ended  
June 30, 2013**

**Donna Bouvier  
Certified Public Accountant**

**Member: Kentucky Society of Certified Public Accountants**

# OHIO COUNTY PUBLIC LIBRARY

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**OHIO COUNTY PUBLIC LIBRARY  
BOARD OF DIRECTORS  
JUNE 30, 2013**

Board Members:

President	John Cashion
Vice President	Mary Pat Donlon
Secretary	Karen Ray
Treasurer	Debora Phelps
Member	Jon Johnson

Non-Board Members:

Executive Director	Melissa Acquaviva
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**DONNA BOUVIER  
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To Ohio County Public Library  
Board of Directors  
413 S. Main Street  
Hartford, KY 42347

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities and the general fund of Ohio County Public Library, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, as listed in the table of contents.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; 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.

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of Ohio County Public Library, as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in conformity with the modified cash basis of accounting.

To: Ohio County Public Library  
Board of Directors

The Extension Service has not presented the management's discussion and analysis. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

In accordance with Government Auditing Standards, I have also issued my report dated February 27, 2014, on my consideration of Ohio County Public Library's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

This report is intended solely for the information and use of management, Ohio County Fiscal Court, the Kentucky Governor's Office for Local Development, and the Kentucky Department of Libraries and Archives and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

*Donna Bouvier*

Donna Bouvier  
Certified Public Accountant

February 27, 2013

**OHIO COUNTY PUBLIC LIBRARY  
STATEMENT OF NET ASSETS –MODIFIED-CASH BASIS**

**June 30, 2013**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 305,287
Total Current Assets	305,287
Noncurrent Assets:	
Capital Assets - Net of Accumulated	
Depreciation	
Land and Land Improvements	88,594
Building	713,313
Building Improvement	108,500
Equipment	1,751
Vehicle	17,030
Total Noncurrent Assets	929,188
Total Assets	1,234,475
 <b>LIABILITIES</b>	
Current Liabilities:	
Note Payable	8,925
Total Current Liabilities	8,925
Noncurrent Liabilities:	
Note Payable	108,825
Total Noncurrent Liabilities	113,458
Total Liabilities	117,750
 <b>NET ASSETS</b>	
Invested in Capital Assets, net off related debt	811,438
Reserved for:	
Building Funds	15,356
Special Account	630
Investments	23,275
Unreserved	266,026
Total Net Assets	\$ 1,116,725

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

**OHIO COUNTY PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES – MODIFIED-CASH BASIS**

**For The Year Ended June 30, 2013**

	<b>Program Revenues Received</b>			<b>Net (Expenses) Revenue and Changes in Net Assets</b>
<b>Functions/Programs Reporting Entity</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 757,374	\$ 7,763	\$ 44,654	\$ (704,957)
Total Governmental Activities	\$ 757,374	\$ 7,763	\$ 44,654	\$ (704,957)
<b>General Revenues:</b>				
Taxes:				
Real and Personal Property Taxes				\$ 621,282
Motor Vehicle Taxes				49,289
Other Taxes				31,799
E-Rate Reimbursement				6,724
Miscellaneous Income				1,737
Interest Earned				1,264
Sale of Fixed Assets				875
Total General Revenues				\$ 712,970
Change in Net Assets				8,013
Net Assets - Beginning (Restated)				1,108,712
Net Assets - Ending				\$ 1,116,725

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

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**OHIO COUNTY PUBLIC LIBRARY  
BALANCE SHEET - GOVERNMENTAL FUND –MODIFIED- CASH BASIS**

**June 30, 2013**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 305,287
Total Assets	<u>\$ 305,287</u>
<b>FUND BALANCE</b>	
Reserved for:	
Building Funds	\$ 15,356
Special Account	630
Grant Expenditures	23,275
Unreserved	<u>266,026</u>
Total Fund Balance	<u>\$ 305,287</u>

**Reconciliation of the Balance Sheet - Governmental  
Funds to the Statement of Net Assets**

Total Fund Balance	\$ 305,287
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	1,255,466
Accumulated Depreciation	(326,278)
Long-term Debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Due Within One Year-Note Payable- Principal	(8,925)
Due In More Than One Year-Note Payable- Principal	<u>(108,825)</u>
Net Assets Of Governmental Activities	<u>\$ 1,116,725</u>



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

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**OHIO COUNTY PUBLIC LIBRARY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUND –MODIFIED-CASH BASIS**  
**For The Year Ended June 30, 2013**

	<u>General Fund</u>
<b>REVENUES</b>	
Federal Government:	
B-TOP Grant passed through Kentucky Department of Libraries and Archives	\$ 347
State Government:	
Kentucky Department of Revenue- Special Library Tax Collections	20,374
Kentucky Department of Libraries and Archives- State Aid	17,515
Continuing Education Tuition Reimbursement	1,200
Local Government-	
Real and Personal Property Taxes	621,282
Motor Vehicle Taxes	49,289
Other Taxes	11,425
Other Income:	
Book Sales	1,257
Building Fund Donations	25,592
E-Rate Reimbursement	6,724
Desk Income	3,389
Copier Income	3,774
ATM Lease Income	600
Reimbursements	478
Interest Earned	1,264
Sale of Fixed Assets	876
Loan Proceeds	60,000
Total Revenues	<u>825,386</u>

(Continued)

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

**OHIO COUNTY PUBLIC LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUND –MODIFIED-CASH BASIS  
For The Year Ended June 30, 2013 (Continued)**

	<u>General Fund</u>
<b>EXPENDITURES</b>	
Personnel Services-	
Salaries	346,058
Employee Benefits	154,255
Library Materials-	
Books Purchased	63,134
Periodicals and Newspapers	3,304
Audiovisual Materials	18,860
Technology Supplies	912
Professional Fees	2,500
Program Costs-	
Book Mobile Operation	5,148
Homebound Operation	1,247
Live Homework Help	4,180
Operating Expenses-	
Repairs and Maintenance	19,291
Operating Supplies	15,106
Marketing/ Public Relations	8,475
Postage	1,708
Internet	1,920
Janitorial Supplies	3,163
Contract Labor	2,274
Continuing Education and Travel	2,215
Master's Tuition Reimbursement	1,200
Security System	4,744
Insurance	11,907
Utilities	21,249
Telephone	4,084
Software Support	10,545
Miscellaneous	1,960
Grant Expenses	1,886
Capital Outlay	98,226
Debt Service	71,602
Total Expenditures	<u>881,153</u>
Net Change in Fund Balances	(55,767)
Fund Balance - Beginning	<u>361,054</u>
Fund Balance - Ending	<u>\$ 305,287</u>

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

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**OHIO COUNTY PUBLIC LIBRARY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES –MODIFIED-CASH BASIS**

**For The Year Ended June 30, 2013**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balance - Total Governmental Funds	\$ (55,767)
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 are allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	84,771
Depreciation Expense	(29,741)
The issuance of long-term debt (e.g. financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets:	
Principal Paid on Financing Obligation	<u>8,750</u>
Change in Net Assets of Governmental Activities	<u>\$ 8,013</u>

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

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**OHIO COUNTY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The Ohio County Public Library (the Library) presents its government-wide and fund financial statements utilizing a modified-cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions. This modified-cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

The State Local Finance Officer does not require the Library to report capital assets; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of the Library include the funds, agencies, boards, and entities for which the Library is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the entity's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14 and GASB 39, there are no component units which merit consideration as part of the reporting entity.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services; however, the Library does not have any business-type activities.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-wide and Fund Financial Statements (Continued)**

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 clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major funds. Major funds are those funds whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary funds) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The Board of Directors may also designate any fund as a major fund.

**Governmental Funds**

The primary government reports the following major governmental fund:

General Fund - This is the primary operating fund of the Library. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

**D. Deposits and Investments**

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, certificate of deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the Library to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**E. Capital Assets**

Capital assets, which include furniture and office equipment that have a useful life of more than one reporting period based on the Library’s capitalization policy, are reported in the applicable governmental funds of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Capital Assets (Continued)**

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Capital assets are depreciated using the straight-line method of depreciation over the estimated useful life of the assets.

	Capitalization Threshold	Useful Life (Years)
Buildings	\$ 5,000	50
Library Furnishings	\$ 5,000	15
Computer Hardware	\$ 5,000	5
Computer Software	\$ 5,000	5
Copy Machines	\$ 5,000	5
Communication Equipment	\$ 5,000	10

**F. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of notes payable is reported.

In the fund financial statements, governmental fund types recognize note interest when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**G. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances, may be divided into designated and undesignated portions. Designations represent the Board of Director's intended use of the resources and should reflect actual plans approved by the Board of Directors.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances. The Library had a reserved balance as of June 30, 2013 in the amount of \$1,539 for the B-TOP federal grant.

## **H. Budgets**

Annual budgets are adopted on a modified-cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The Chairman of the Board is required to submit estimated receipts and proposed expenditures to the County Judge-Executive no later than April 15th of each year. The District Board enters into an annual Memorandum of Agreement with the Library.

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## **OHIO COUNTY PUBLIC LIBRARY NOTES TO FINANCIAL STATEMENTS June 30, 2013**

### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### **H. Budgets (Continued)**

The District Board may change the original budget by transferring appropriations at the activity level; however, the Board may not increase the total budget without approval by the fiscal court. Expenditures may not exceed budgeted appropriations at the activity level.

### **Note 2. Deposits**

The Library maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Library and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial credit risk is the risk that in the event of a depository institution's failure, the Library's deposits may not be returned to them. The Library does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (4). As of June 30, 2013, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

### **Note 3. Employee Retirement System**

The Library employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a

cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The Library's contribution rate for nonhazardous employees was 19.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement System's annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

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**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**Note 4. Property Taxes**

The Library's property tax is levied on October 1 of each year based on the assessed value listed as of January 1 for all real and personal property located in the County. Ad Valorem tax is levied on vehicle owners as of January 1. Property taxes become delinquent on January 1 following their due date each year.

The tax rates assessed for the year ended June 30, 2013, to finance the Library's operations were 6.4 cents per \$100 assessed value on real property, 4.20 cents per \$100 assessed value on motor vehicles and 6.4 cents per \$100 assessed value on personal property.

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:



<b>Primary Government:</b> <u>Governmental Activities:</u>	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital Assets:				
Land & Land Improvements	\$ 91,027	\$ -	\$ -	\$ 91,027
Building	978,924	-	-	978,924
Building Improvement	45,297	84,771	-	130,068
Equipment	21,036	-	-	21,036
Vehicle	34,411	-	-	34,411
<b>Total Capital Assets</b>	<b>1,170,695</b>	<b>84,771</b>	<b>-</b>	<b>1,255,466</b>
Less Accumulated Depreciation For:				
Land Improvements	1,914	519	-	2,433
Building	249,033	16,578	-	265,611
Building Improvement	12,897	8,671	-	21,568
Equipment	18,452	833	-	19,285
Vehicle	14,241	3,140	-	17,381
<b>Total Accumulated Depreciation</b>	<b>296,537</b>	<b>29,741</b>	<b>-</b>	<b>326,278</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 874,158</b>	<b>\$ 55,030</b>	<b>\$ -</b>	<b>\$ 929,188</b>

Governmental Activities:

General Government	\$ 29,741
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 29,741</b>

**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**Note 6. Financing Obligation Payable**

On April 20, 2012, the Library entered into a financing obligation agreement with Citizens Bank of Hartford, Kentucky, for funds to purchase the building owned by First Kentucky Bank to be used as an annex to the library. The terms of the loan are as follows:

Original amount of loan is \$126,065 with a two (2) percent annual rate of interest for the first two years, four (4) percent annual rate of interest for year three and four and one (1) percent plus the prime rate for the remaining four (4) years.. Payments are due annually on April 20<sup>th</sup> for a period of ten years. Future debt requirements are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2014	\$ 8,925	\$ 2,355
2015	11,186	2,177
2016	11,634	3,906
2017	12,099	3,440
2018	12,583	2,956
2019-2022	61,323	6,586
Totals	<u>\$ 117,750</u>	<u>\$ 21,420</u>

**Note 7. Related Party Transactions**

During fiscal year 2012-2013, the library purchased \$ 3,928 of merchandise from Young's Hardware Store in Beaver Dam, Kentucky. The library director and her husband own the store.

**OHIO COUNTY PUBLIC LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**Required Supplementary Information –Modified-Cash Basis**  
**For The Year Ended June 30, 2013**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal Government:				
B-TOP Grant passed through Kentucky Department of Libraries and Archives	\$ -	\$ -	\$ 347	\$ 347
State Government:				
Kentucky Department of Revenue- Special Library Tax Collections	34,000	34,000	20,374	(13,626)
Kentucky Dept. of Libraries and Archives- State Aid	18,300	18,300	17,515	(785)
Continuing Education Tuition Reimbursement	5,000	5,000	1,200	(3,800)
Local Government-				
Real and Personal Property Taxes	576,440	576,440	621,282	44,842
Motor Vehicle Taxes	45,900	45,900	49,289	3,389
Other Taxes	14,000	14,000	11,425	(2,575)
Other Income:				
Book Sales	-	-	1,257	1,257
Building Fund Donations	3,000	3,000	25,592	22,592
E-Rate Reimbursement	6,500	6,500	6,724	224
Desk Income	3,500	3,500	3,389	(111)
Copier Income	4,700	4,700	3,774	(926)
ATM Lease Income	600	600	600	-
Reimbursements	300	300	478	178
Interest Earned	3,800	3,800	1,264	(2,536)
Sale of Fixed Assets	-	-	876	876
Loan Proceeds	-	-	60,000	60,000
Total Revenues	<u>\$ 716,040</u>	<u>\$ 716,040</u>	<u>\$ 825,386</u>	<u>\$ 109,346</u>

(Continued)

**OHIO COUNTY PUBLIC LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**Required Supplementary Information –Modified-Cash Basis**  
**For the fiscal year ended June 30, 2013(Continued)**

**EXPENDITURES**

Personnel Services -				
Salaries	\$ 349,976	\$ 349,976	\$ 346,058	\$ (3,918)
Employee Benefits	144,770	144,770	154,255	9,485
Library Materials-				
Books Purchased	64,634	64,634	63,134	(1,500)
Periodicals and Newspapers	2,800	2,800	3,304	504
Audiovisual Materials	22,400	22,400	18,860	(3,540)
Technology Supplies	6,300	6,300	912	(5,388)
Professional Fees	3,000	3,000	2,500	(500)
Program Costs-				
Book Mobile Operation	4,500	4,500	5,148	648
Homebound Operation	950	950	1,247	297
Live Homework Help	4,200	4,200	4,180	(20)
Operating Expenses-				
Repairs and Maintenance	13,040	13,040	19,291	6,251
Operating Supplies	9,800	9,800	15,106	5,306
Marketing/ Public Relations	11,000	11,000	8,475	(2,525)
Postage	1,800	1,800	1,708	(92)
Internet	1,900	1,900	1,920	20
Janitorial Supplies	2,900	2,900	3,163	263
Contract Labor	500	500	2,274	1,774
Continuing Education and Travel	2,000	2,000	2,215	215
Master's Tuition Reimbursement	-	-	1,200	1,200
Security System	3,400	3,400	4,744	1,344
Insurance	7,000	7,000	11,907	4,907
Utilities	24,670	24,670	21,249	(3,421)
Telephone	4,500	4,500	4,084	(416)
Software Support	10,100	10,100	10,545	445
Miscellaneous	5,900	5,900	1,960	(3,940)
Grant Expenses	-	-	1,886	1,886
Capital Outlay	14,000	14,000	98,226	84,226
Debt Service	-	-	71,602	71,602
Total Expenditures	<u>716,040</u>	<u>716,040</u>	<u>881,153</u>	<u>165,113</u>
Net Change in Fund Balances	-	-	(55,767)	(55,767)
Fund Balance - Beginning			361,054	361,054
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 305,287</u>	<u>\$ 305,287</u>

**OHIO COUNTY PUBLIC LIBRARY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2013**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The Chairman of the Board is required to submit estimated receipts and proposed expenditures to the County Judge-Executive no later than April 15th of each year.

The District Board may change the original budget by transferring appropriations at the activity level; however, the Board may not increase the total budget without approval by the fiscal court. Expenditures may not exceed budgeted appropriations at the activity level.

**DONNA BOUVIER  
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To The Ohio County Public Library  
Board of Directors

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

I have audited the financial statements of the governmental activities and the major fund of the Ohio County Public Library as of and for the year ended June 30, 2013, which collectively comprise the Library's basic financial statements, as listed in the table of contents and have issued my report thereon dated February 27, 2014. The Library prepares its financial statements in accordance with the modified-cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Ohio County Public Library's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Extension Service's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ohio County Public Library's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Ohio County Fiscal Court and the Kentucky Department of Libraries and Archives, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

*Donna Bouvier*

Donna Bouvier  
Certified Public Accountant

February 27, 2014