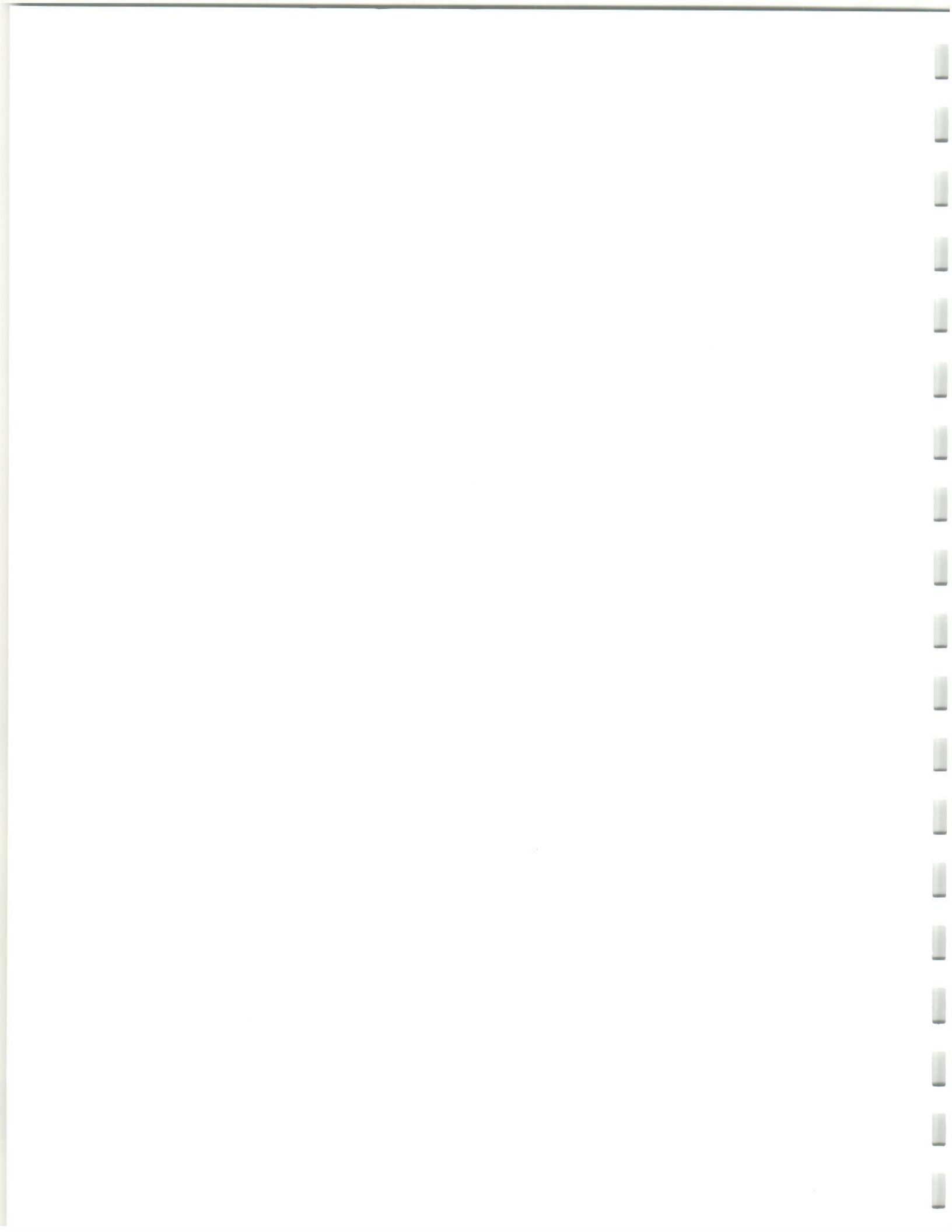


**REPORT OF THE AUDIT OF THE  
OHIO COUNTY  
PUBLIC LIBRARY TAXING DISTRICT**

**For The Fiscal Year Ended  
June 30, 2014**

**Donna Bouvier  
Certified Public Accountant**

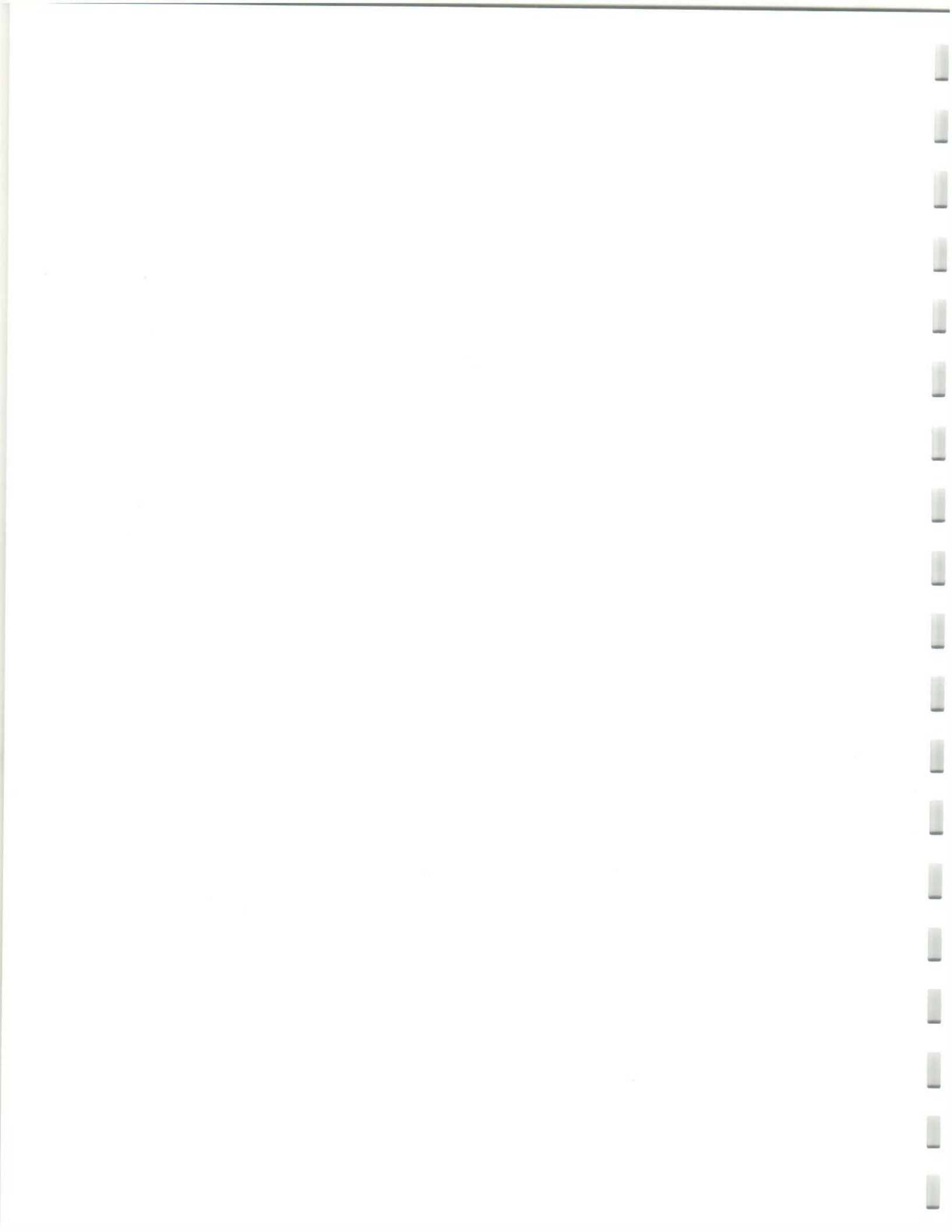
**Member: Kentucky Society of Certified Public Accountants**



# OHIO COUNTY PUBLIC LIBRARY

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**OHIO COUNTY PUBLIC LIBRARY  
BOARD OF DIRECTORS  
JUNE 30, 2014**

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

**DONNA BOUVIER  
CERTIFIED PUBLIC ACCOUNTANT  
P O BOX 150  
HARTFORD, KY 42347  
270-993-1927  
Email: donnamontgomery49@yahoo.com**

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, 2014, which collectively comprise the Library's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Ohio County Public Library. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Ohio County Public Library prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified-cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my 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 Ohio County Public Library, as of June 30, 2014, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 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.

To: Ohio County Public Library  
Board of Directors

The Library has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Budgetary Comparison Information is not a required part of the basic financial statements but is supplementary information required by GASB. I have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ohio County Public Library's financial statements as a whole. The accompanying supplementary information is presented for additional analysis and is not a required part of the financial statements. The information has been subjected to the audit procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Respectfully submitted,

*Donna Bouvier*

Donna Bouvier  
Certified Public Accountant

November 20, 2014

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

June 30, 2014

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 344,800
Total Current Assets	344,800
Noncurrent Assets:	
Capital Assets - Net of Accumulated Depreciation	
Land and Land Improvements	88,075
Building	696,735
Building Improvement	99,829
Equipment	918
Vehicle	13,890
Total Noncurrent Assets	899,447
Total Assets	1,244,247
<b>LIABILITIES</b>	
Current Liabilities:	
Note Payable	10,453
Total Current Liabilities	10,453
Noncurrent Liabilities:	
Note Payable	79,264
Total Noncurrent Liabilities	79,264
Total Liabilities	89,717
<b>NET ASSETS</b>	
Invested in Capital Assets, net off related debt	809,730
Reserved for:	
Building Funds	7,592
Special Account	740
Investments	23,334
Unreserved	313,134
Total Net Assets	\$ 1,154,530

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, 2014

<u>Functions/Programs Reporting Entity</u>	<u>Program Revenues Received</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 778,329	\$ 6,552	\$ 19,432	\$ (752,345)
Total Governmental Activities	<u>\$ 778,329</u>	<u>\$ 6,552</u>	<u>\$ 19,432</u>	<u>\$ (752,345)</u>
<b>General Revenues:</b>				
Taxes:				
Real and Personal Property Taxes				\$ 680,637
Motor Vehicle Taxes				50,911
Other Taxes				43,284
E-Rate Reimbursement				5,989
Miscellaneous Income				7,776
Interest Earned				1,553
Total General Revenues				<u>\$ 790,150</u>
Change in Net Assets				37,805
Net Assets - Beginning				<u>1,116,725</u>
Net Assets - Ending				<u>\$ 1,154,530</u>

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

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

**June 30, 2014**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 344,800
Total Assets	\$ 344,800
<b>FUND BALANCE</b>	
Reserved for:	
Building Funds	\$ 7,592
Special Account	740
Grant Expenditures	23,334
Unreserved	313,134
Total Fund Balance	\$ 344,800
 <b>Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets</b>	
Total Fund Balance	\$ 344,800
 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	(356,019)
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	(10,453)
Due In More Than One Year-Note Payable- Principal	(79,264)
Net Assets Of Governmental Activities	\$ 1,154,530

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, 2014**

	<b>General Fund</b>
<b>REVENUES</b>	
<b>State Government:</b>	
Kentucky Department of Revenue- Special Library Tax Collections	\$ 27,220
Kentucky Department of Libraries and Archives- State Aid	17,512
<b>Local Government:</b>	
Real and Personal Property Taxes	680,637
Motor Vehicle Taxes	50,911
Other Taxes	16,064
<b>Other Income:</b>	
Book Sales	1,918
Building Fund Donations	1,920
E-Rate Reimbursement	5,989
Desk Income	3,146
Copier Income	3,406
ATM Lease Income	600
Reimbursements	4,842
Miscellaneous Income	416
Interest Earned	1,553
Total Revenues	\$ 816,134
<b>EXPENDITURES</b>	
<b>Personnel Services:</b>	
Salaries	\$ 360,377
Employee Benefits	154,295
<b>Library Materials:</b>	
Books Purchased	58,704
Periodicals and Newspapers	2,923
Audiovisual Materials	13,482
Technology Supplies	13,444
<b>Annex Operating Expenses:</b>	
Annex Cleaning	1,908
Annex Mowing	520
Annex Equipment Maintenance	260
Annex Security/Fire Maintenance	1,224
Annex Office Supplies	100
Annex Processing Supplies	723
Annex Utilities	6,572
Annex Building Maintenance	1,233
Annex Subscriptions	412
Annex Data Bases	1,155
Sub-total Expenditures	\$ 617,332

(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, 2014 (Continued)**

	<u>General Fund</u>
<b>EXPENDITURES-Continued</b>	
<b>Operating Expenses:</b>	
Expenditures Carried Forward	\$ 617,332
Book Mobile Operation	5,256
Homebound Operation	1,051
Utilities	18,353
Insurance-	
Property Insurance	8,354
Workmen's Comp	4,375
Treasurer's Bond	312
Repairs and Maintenance-	
Parking Lot Sealed and Striped	2,800
Building Maintenance	5,115
Elevator Maintenance	3,450
Equipment Maintenance and Repairs	3,962
Grounds Maintenance	135
Technology Maintenance and Repairs	2,247
Microfilm Maintenance	2,167
Book Drop Repair	604
Professional Fees	2,500
Ebooks	4,158
Processing Supplies	3,057
Program Supplies	4,885
Office Supplies	3,070
Marketing/Special Programs	11,387
Postage	2,068
Internet	1,920
Janitorial Supplies	4,132
Continuing Education and Travel	2,276
Miscellaneous	2,233
Security System	1,560
Software Support	4,719
Technology Acquisitions	5,727
Telephone	4,115
Kitchen Remodel	2,614
<b>Grant Expenses:</b>	
Live Homework Help	4,180
<b>Capital Outlay:</b>	
Furniture and Fixtures	6,507
<b>Debt Service:</b>	
Principal Payments	28,033
Interest Expense	1,967
Total Expenditures	<u>776,621</u>
Net Change in Fund Balances	39,513
Fund Balance - Beginning	305,287
Fund Balance - Ending	<u>\$ 344,800</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, 2014 (Continued)**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balance - Total Governmental Funds	\$ 39,513
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	-
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>28,033</u>
Change in Net Assets of Governmental Activities	<u>\$ 37,805</u>

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

**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, 2014**

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

Total Fund Balance	\$ 344,800
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	(356,019)
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	(10,453)
Due In More Than One Year-Note Payable- Principal	<u>(79,264)</u>
Net Assets Of Governmental Activities	<u>\$ 1,154,530</u>

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

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

**June 30, 2014**

**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, 2014**

**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, 2014**

**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, 2014 in the amount of \$31,665.

**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.

**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**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, 2014, 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 18.89 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.

**OHIO COUNTY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014, to finance the Library's operations were 6.8 cents per \$100 assessed value on real property, 4.20 cents per \$100 assessed value on motor vehicles and 6.8 cents per \$100 assessed value on personal property.

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government: Governmental Activities:	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital Assets:				
Land & Land Improvements	\$ 91,027	\$ -	\$ -	\$ 91,027
Building	978,924	-	-	978,924
Building Improvement	130,068	-	-	130,068
Equipment	21,036	-	-	21,036
Vehicle	34,411	-	-	34,411
Total Capital Assets	<u>1,255,466</u>	<u>-</u>	<u>-</u>	<u>1,255,466</u>
Less Accumulated Depreciation For:				
Land Improvements	2,433	519	-	2,952
Building	265,611	16,578	-	282,189
Building Improvement	21,568	8,671	-	30,239
Equipment	19,285	833	-	20,118
Vehicle	17,381	3,140	-	20,521
Total Accumulated Depreciation	<u>326,278</u>	<u>29,741</u>	<u>-</u>	<u>356,019</u>
Governmental Activities Capital Assets, Net	<u>\$ 929,188</u>	<u>\$ 29,741</u>	<u>\$ -</u>	<u>\$ 899,447</u>

Governmental Activities:

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

**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**Note 6. Financing Obligation Payable**

On April 20, 2013, 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. 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	CITIZENS BANK Governmental Activities	
	Principal	Interest
2015	\$ 10,453	\$ 1,794
2016	10,662	1,585
2017	10,342	2,744
2018	10,756	2,330
2019	11,187	1,900
2020-2022	36,317	2,944
Totals	<u>\$ 89,717</u>	<u>\$ 13,297</u>

**Note 7. Contingencies**

The Library receives funding through the State of Kentucky in the form of grants. These grants are subject to requirements set by the State. Any violation with these requirements could result in the Library being required to refund the grant money.

**Note 8. Insurance and Related Activities**

The Library is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance.

**OHIO COUNTY PUBLIC LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**Required Supplementary Information – Modified-Cash Basis**  
**For The Year Ended June 30, 2014**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Kentucky Department of Revenue- Special Library Tax Collections	\$ 33,700	\$ 33,700	\$ 27,220	\$ 6,480
Kentucky Department of Libraries and Archives- State Aid	17,600	17,600	17,512	(88)
<b>Local Government:</b>				
Real and Personal Property Taxes	600,000	600,000	680,637	80,637
Motor Vehicle Taxes	46,200	46,200	50,911	4,711
Other Taxes	15,000	15,000	16,064	1,064
<b>Other Income:</b>				
Book Sales	-	-	1,918	1,918
Building Fund Donations	2,980	2,980	1,920	(1,060)
E-Rate Reimbursement	6,700	6,700	5,989	(711)
Desk Income	3,700	3,700	3,146	(554)
Copier Income	4,500	4,500	3,406	(1,094)
ATM Lease Income	600	600	600	-
Reimbursements	600	600	4,842	4,242
Miscellaneous Income	1,000	1,000	416	(584)
Interest Earned	2,920	2,920	1,553	(1,367)
Total Revenues	<u>\$ 735,500</u>	<u>\$ 735,500</u>	<u>\$ 816,134</u>	<u>\$ 93,594</u>
<b>EXPENDITURES</b>				
<b>Personnel Services:</b>				
Salaries	\$ 360,360	\$ 360,360	360,377	\$ 17
Employee Benefits	143,250	143,250	154,295	11,045
<b>Library Materials:</b>				
Books Purchased	58,750	58,750	58,704	(46)
Periodicals and Newspapers	2,600	2,600	2,923	323
Audiovisual Materials	22,400	22,400	13,482	(8,918)
Technology Supplies	7,000	7,000	13,444	6,444
<b>Annex Operating Expenses:</b>				
Annex Cleaning	2,000	2,000	1,908	
Annex Mowing	700	700	520	(180)
Annex Equipment Maintenance	400	400	260	(140)
Annex Security/Fire Maintenance	1,350	1,350	1,224	(126)
Annex Office Supplies	150	150	100	
Annex Processing Supplies	350	350	723	373
Annex Utilities	7,380	7,380	6,572	(808)
Annex Building Maintenance	1,300	1,300	1,233	(67)
Annex Subscriptions	400	400	412	12
Annex Data Bases	400	400	412	12
<b>Operating Expenses:</b>				
Book Mobile Operation	4,400	4,400	5,256	856
Homebound Operation	1,000	1,000	1,051	51
Utilities	14,900	14,900	18,353	3,453
Sub-total Expenditures	<u>\$ 629,090</u>	<u>\$ 629,090</u>	<u>\$ 641,249</u>	<u>\$ 12,301</u>

(Continued)

**OHIO COUNTY PUBLIC LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**Required Supplementary Information –Modified-Cash Basis**  
**For the Fiscal Year Ended June 30, 2014 (Continued)**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES- continued</b>				
Sub-total carried forward-	\$ 629,090	\$ 629,090	\$ 641,249	\$ 12,301
<b>Operating Expenses: (continued)</b>				
Insurance-				-
Property Insurance	8,100	8,100	8,354	254
Workmen's Comp	4,400	4,400	4,375	(25)
Treasurer's Bond	-	-	312	312
Repairs and Maintenance-				
Parking Lot Sealed and Striped	-	-	2,800	(2,800)
Building Maintenance	4,200	4,200	5,115	(915)
Elevator Maintenance	3,200	3,200	3,450	(250)
Equipment Maintenance and Repairs	2,700	2,700	3,962	(1,262)
Grounds Maintenance	600	600	135	465
Technology Maintenance and Repairs	-	-	2,247	(2,247)
Microfilm Maintenance	-	-	2,167	(2,167)
Book Drop Repair	-	-	604	(604)
Professional Fees	2,800	2,800	2,500	300
Ebooks	5,570	5,570	4,158	1,412
Processing Supplies	3,100	3,100	3,057	43
Program Supplies	3,800	3,800	4,885	(1,085)
Office Supplies	2,750	2,750	3,070	(320)
Marketing/Special Programs	11,300	11,300	11,387	(87)
Postage	2,000	2,000	2,068	(68)
Internet	1,900	1,900	1,920	(20)
Janitorial Supplies	3,000	3,000	4,132	(1,132)
Continuing Education and Travel	2,000	2,000	2,276	(276)
Miscellaneous	21,720	21,720	2,233	19,487
Security System	2,100	2,100	1,560	540
Software Support	4,100	4,100	4,719	(619)
Technology Acquisitions	-	-	5,727	(5,727)
Telephone	4,400	4,400	4,115	285
Kitchen Remodel	-	-	2,614	(2,614)
<b>Grant Expenses:</b>				
Live Homework Help	4,300	4,300	4,180	120
<b>Capital Outlay:</b>				
Furniture and Fixtures	6,000	6,000	6,507	(507)
<b>Debt Service:</b>				
Principal Payments	-	-	28,033	(28,033)
Interest Expense	-	-	1,967	(1,967)
Total Expenditures	<u>733,130</u>	<u>733,130</u>	<u>775,878</u>	<u>(17,206)</u>
Net Change in Fund Balances	-	-	40,256	
Fund Balance - Beginning			<u>305,287</u>	
Fund Balance - Ending			<u>\$ 345,543</u>	

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

**June 30, 2014**

**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, 2014, which collectively comprise the Library's basic financial statements, as listed in the table of contents and have issued my report thereon dated November 20, 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

November 20, 2014

