

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

**For The Fiscal Year Ended
June 30, 2016**

**Tamara L Rice
Certified Public Accountant**

Member: Kentucky Society of Certified Public Accountants

OHIO COUNTY
PUBLIC LIBRARY TAXING DISTRICT

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**OHIO COUNTY
PUBLIC LIBRARY TAXING DISTRICT
BOARD OF DIRECTORS**

JUNE 30, 2016

Board Members:

Jon Johnson	President
John Cashion	Treasurer
Karen Ray	Secretary
Mary Pat Donlon	Member
Megan Nicodemus	Member

Non- Board Members:

Melissa Acquaviva	Executive Director
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**TAMARA L RICE
CERTIFIED PUBLIC ACCOUNTANT
2214 RICHMOND ROAD
IRVINE, KY 40336**

To Ohio County Public Library
413 S Main Street
Hartford, KY 42347

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities and the major funds of Ohio County Public Library, as of and for the year ended June 30, 2016, which collectively comprise the 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 opinion.

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 each major fund of Ohio County Public Library as of June 30, 2016, thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

To Ohio County Public Library
Board of Directors

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ohio County Public Library's basic financial statements. The accompanying supplementary information is presented for additional analysis and is not a required part of the basic financial statements.

Basis of Accounting

We draw attention to Note 1, which describes the basis of accounting. 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. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 18 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Auditing 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 assurances of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Management has omitted 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 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 historic context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated June 28, 2017 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 on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Library's internal control over financial reporting and compliance.

To Ohio County Public Library
Board of Directors

This report is intended solely for the information and use of management, Ohio County Fiscal Court, Kentucky Governor's Office for Local Government, and 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,

Tamara L. Rice

Tamara L Rice
Certified Public Accountant

June 28, 2017

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

June 30, 2016

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 363,804
Total Current Assets	363,804
Noncurrent Assets:	
Capital Assets	
Land and Land Improvements	87,037
Buildings	663,579
Building Improvements	121,598
Equipment	18,999
Vehicle	8,013
Total Noncurrent Assets	899,226
Total Assets	1,263,030
 NET ASSETS	
Invested in Capital Assets	
Net of Related Debt	899,226
Assigned -	
Building Funds	5,260
Special Accounts	282
Investments	23,468
Unassigned	334,794
Total Net Assets	\$ 1,263,030

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

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

June 30, 2016

	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 363,804
Total Assets	\$ 363,804
FUND BALANCE	
Assigned	
Building Fund	5,260
Special Account	282
Investments	23,468
Unassigned	334,794
Total Fund Balance	\$ 363,804

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

Total Fund Balance	\$ 363,804
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.	1,319,815
Accumulated Depreciation	(420,589)
Net Assets Of Governmental Activities	\$ 1,263,030

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

OHIO COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND – MODIFIED CASH BASIS
For The Year Ended June 30, 2016

	<u>General Fund</u>
REVENUES	
State Government:	
Kentucky Department of Libraries and Archives- State Aid	\$ 18,070
Kentucky Department of Revenue- Motor Vehicle/Omitted Tangible Telecommunications Tax	14,006 6,089
Local Government:	
Real and Personal Property Taxes	\$ 682,315
Motor Vehicle Taxes	56,200
Delinquent Tax	44,390
Other Income:	
Books Sales	\$ 4,115
Building Fund Donations	16,075
E Rate Reimbursement	5,338
Copier Income	3,808
Reimbursements	5,072
Interest Income	1,806
Total Revenues	<u>857,284</u>
EXPENDITURES	
Personal Services:	
Salaries	385,348
Employee Benefits	157,899
Library Materials:	
Books Purchased	49,537
Periodicals and Newspapers	3,173
Audiovisual Materials	14,045
Technology Supplies	1,306
Annex Operations:	
Annex Cleaning	1,200
Annex Mowing	460
Annex Fire and Security	1,008
Annex Utilities	5,586
Annex Building Expense	1,430
Annex Subscriptions	303
Annex Data Bases	1,250
Annex Equipment Maintenance	205
Operating Expenses:	
Bookmobile Operations	3,994
Homebound Operations	295
Utilities	18,232
Subtotal Expenditures	<u>\$ 645,271</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 BALANCES - GOVERNMENTAL FUND – MODIFIED CASH BASIS
For The Year Ended June 30, 2016 – CONTINUED

	<u>General Fund</u>
EXPENDITURES - Continued	
Operating Expenses (Continued):	
Expenditures Carried Forward	\$ 645,271
Insurance-	
Property Insurance	7,963
Workmans Comp	4,986
Repairs and Maintenance-	
Building Maintenance	11,082
Elevator Maintenance	3,622
Equipment Maintenance	5,635
Technology Maintenance	1,477
Data Bases	13,835
Mowing	360
Professional Fees	500
E books	7,311
Processing Supplies	4,378
Program Supplies	7,030
Office Supplies	3,109
Postage	1,984
Internet	1,981
Janitorial Supplies	4,414
Continuing Education and Travel	2,984
Miscellaneous	2,260
Security System	6,091
Software Support	4,860
Technology Acquisitions	3,538
Telephone	5,246
Bathroom Remodel	7,799
Public Relations	9,098
Movie License	733
Grant Expense:	
Live Homework Help	6,793
Capital Outlay:	
Sign	10,805
Server	19,597
Expansion Fund	17,893
Furniture and Fixtures	8,342
Debt Service	
Debt Service	39,000
Total Expenditures	<u>869,977</u>
Net Change in Fund Balance	(12,693)
Fund Balance - Beginning	376,497
Fund Balance - Ending	<u>\$ 363,804</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, 2016

Reconciliation to the Statement of Activities:

Net Change in Fund Balance - Total Governmental Funds	\$ (12,693)
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	55,169
Depreciation Expense	(34,645)
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 Capital Lease Obligation	<u>38,717</u>
Change in Net Assets of Governmental Activities	<u>\$ 46,548</u>

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

OHIO COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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 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, 2016**

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, 2016

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)
Land Improvements	\$ 5,000	50
Buildings	\$ 5,000	50
Building Improvements	\$ 5,000	50
Communication Equipment	\$ 5,000	10
Vehicles	\$ 5,000	5
Equipment	\$ 5,000	5

F. Fund Equity

As of June 30, 2016, the Library implemented GASB 54, Fund Balance and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws and regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District Board. Commitments may be established, modified, or rescinded only through resolutions approved by the District Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purpose. Only the District Board may assign amounts for specific purpose.

Unassigned – all other spendable amounts.

Date of Management's Review

Subsequent events were evaluated through June 28, 2017, which is the date the financial statements were available to be issued.

OHIO COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

G. Budgets

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.

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.

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, 2016, deposits were secured.

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 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 is 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 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, 2016

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Reporting Entity</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets:				
Land and Land Improvements	\$ 91,027	\$ -	\$ -	\$ 91,027
Building	978,924	-	-	978,924
Building Improvements	139,248	30,917	-	170,165
Equipment	21,036	24,252	-	45,288
Vehicle	34,411	-	-	34,411
	<u>1,264,646</u>	<u>55,169</u>	<u>-</u>	<u>1,319,815</u>
Total Capital Assets				
Less Accumulated Depreciation For:				
Land and Land Improvements	3,471	519	-	3,990
Building	298,767	16,578	-	315,345
Building Improvements	39,094	9,473	-	48,567
Equipment	23,258	4,935	-	28,193
Vehicle	21,354	3,140	-	24,494
	<u>385,944</u>	<u>34,645</u>	<u>-</u>	<u>420,589</u>
Total Accumulated Depreciation				
Governmental Activities Capital				
Assets, Net	<u>\$ 878,702</u>	<u>\$ 20,524</u>	<u>\$ -</u>	<u>\$ 899,226</u>
<u>Governmental Activities:</u>				
General Government				<u>\$ 34,645</u>
Total Depreciation Expense - Governmental Activities				<u>\$ 34,645</u>

OHIO COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 5: Financing Obligation Agreement

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 the loan is \$126,065 with a two (2) percent annual rate of interest

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
<u>Governmental Activities:</u>					
Financing Obligations	\$ 38,717	\$ 0	\$ 38,717	\$ 0	
Governmental Activities					
Long-term Liabilities	<u>\$ 38,717</u>	<u>\$ 0</u>	<u>\$ 38,717</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 6. Property Taxes

The Library's property tax is levied on September 15 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.

The tax rates assessed for the year ended June 30, 2016, to finance the Library's operations were 7.0 cents per \$100 assessed value on real property 4.2 cents per \$100 assessed value on motor vehicles and 7.54 cents per \$100 assessed value on personal property.

Property taxes become delinquent on January 1 following their due date each year.

**OHIO COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

Note 7: Insurance and Related Activities

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

Note 8: 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 violations with these requirements could result in the Library being required to refund the grant money.

OHIO COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
Required Supplementary Information -Modified Cash Basis
For The Year Ended June 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Kentucky Department of Libraries and Archives- State Aid	\$ 18,000	\$ 18,000	\$ 18,070	\$ 70
Kentucky Department of Revenue- Motor Vehicle/Omitted Tangible	27,000	27,000	14,006	(12,994)
Telecommunications Tax	6,000	6,000	6,089	89
Local Government:				
Real and Personal Property Taxes	631,680	631,680	\$ 682,315	50,635
Motor Vehicle Taxes	47,200	47,200	56,200	9,000
Delinquent Tax	15,500	15,500	44,390	28,890
Other Income:				
Books Sales	3,800	3,800	\$ 4,115	315
Building Fund Donations	2,950	2,950	16,075	13,125
E Rate Reimbursement	6,600	6,600	5,338	(1,262)
Copier Income	4,540	4,540	3,808	(732)
Reimbursements	1,600	1,600	5,072	3,472
Emergency Fund				
Interest Income	2,780	2,780	1,806	(974)
Total Revenues	<u>767,650</u>	<u>767,650</u>	<u>857,284</u>	<u>87,868</u>
EXPENDITURES				
Personal Services:				
Salaries	382,377	382,377	385,348	2,971
Employee Benefits	145,858	145,858	157,899	12,041
Library Materials:				
Books Purchased	58,500	58,500	49,537	(8,963)
Periodicals and Newspapers	2,500	2,500	3,173	673
Audiovisual Materials	23,400	23,400	14,045	(9,355)
Technology Supplies	7,200	7,200	1,306	(5,894)
Annex Operations:				
Annex Cleaning	1,600	1,600	1,200	(400)
Annex Mowing	650	650	460	(190)
Annex Fire and Security	900	900	1,008	108
Annex Utilities	7,200	7,200	5,586	(1,614)
Annex Equipment Maintenance	400	400	205	(195)
Annex Building Expense	1,000	1,000	1,430	430
Annex Subscriptions	900	900	303	(597)
Annex Data Bases	2,250	2,250	1,250	(1,000)
Operating Expenses:				
Bookmobile Operations	4,500	4,500	3,994	(506)
Homebound Operations	1,000	1,000	295	(705)
Utilities	16,800	16,800	18,232	1,432
Subtotal Expenditures	<u>657,035</u>	<u>657,035</u>	<u>\$ 645,271</u>	<u>(11,764)</u>

OHIO COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - Continued				
Operating Expenses (Continued):				
Expenditures Carried Forward	657,035	657,035	645,271	11,764
Property Insurance	8,100	8,100	7,963	137
Workmans Comp	5,500	5,500	4,986	514
Building Maintenance	4,300	4,300	11,082	(6,782)
Elevator Maintenance	3,500	3,500	3,622	(122)
Equipment Maintenance	3,000	3,000	5,635	(2,635)
Technology Maintenance	2,300	2,300	1,477	823
Contract Labor	600	600		
Data Bases	10,470	10,470	13,835	(3,365)
Mowing	600	600	360	240
Professional Fees	2,800	2,800	500	2,300
E books	6,300	6,300	7,311	(1,011)
Processing Supplies	3,500	3,500	4,378	(878)
Program Supplies	4,300	4,300	7,030	(2,730)
Office Supplies	2,750	2,750	3,109	(359)
Postage	2,000	2,000	1,984	16
Internet	1,900	1,900	1,981	(81)
Janitorial Supplies	2,900	2,900	4,414	(1,514)
Continuing Education and Travel	2,500	2,500	2,984	(484)
Miscellaneous	4,015	4,015	2,260	1,755
Security System			6,091	(6,091)
Software Support	4,900	4,900	4,860	40
Technology Acquisitions			3,538	(3,538)
Telephone	4,400	4,400	5,246	(846)
Bathroom Remodel			7,799	(7,799)
Public Relations	10,700	10,700	9,098	1,602
Movie License	700	700	733	(33)
Grant Expense:				-
Live Homework Help	4,380	4,380	6,793	(2,413)
Capital Outlay:				-
Sign			10,805	
Server			19,597	
Expansion Fund	8,000	8,000	17,893	
Furniture and Fixtures	6,200	6,200	8,342	(2,142)
Debt Service				-
Debt Service			39,000	(39,000)
Total Expenditures	<u>767,650</u>	<u>767,650</u>	<u>869,977</u>	<u>(102,327)</u>
Net Change in Fund Balance			(12,693)	
Fund Balance - Beginning			376,497	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 363,804</u>	<u>\$ 0</u>

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

June 30, 2016

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.

**TAMARA L RICE
CERTIFIED PUBLIC ACCOUNTANT
2214 RICHMOND ROAD
IRVINE, KY 40336**

The Ohio County Public Library
Board of Directors

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

I have audited the financial statements of the governmental activities and the general fund of Ohio County Public Library as and for the year ended June 30, 2016 which collectively comprise the Library's basic financial statements, as listed in the table of contents and have issued my report thereon dated June 28, 2017. The Library's financial statements are prepared in accordance with a 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 Library'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. A *significant deficiency* is a deficiency, or 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.

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. However, material weaknesses may exist that have not been identified.

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
(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.

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.

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,

Tamara L Rice

Tamara L Rice
Certified Public Accountant

June 28, 2017