

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

**For The Fiscal Year Ended  
June 30, 2018**

**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, 2018**

**Board Members:**

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

**Non- Board Members:**

|                   |                    |
|-------------------|--------------------|
| Melissa Acquaviva | Executive Director |
|-------------------|--------------------|

**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 general fund of Ohio County Public Library, as of and for the year ended June 30, 2018, 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'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 an opinion 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 modified cash basis financial position of the governmental activities and general fund of Ohio County Public Library as of June 30, 2018, and the respective changes in modified cash financial position, and where applicable cash flows 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 an opinion 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**

I 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. My opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Governmental Auditing Standards 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. 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 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. I do not express an opinion or provide any assurances of the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

Management has omitted management's discussion and analysis that Governmental Auditing Standards 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. My 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 24, 2019 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 24, 2019

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

**June 30, 2018**

|                               | <u>Governmental<br/>Activities</u> |
|-------------------------------|------------------------------------|
| <b>ASSETS</b>                 |                                    |
| Current Assets:               |                                    |
| Cash and Cash Equivalents     | \$ 402,190                         |
| Total Current Assets          | <u>402,190</u>                     |
| Noncurrent Assets:            |                                    |
| Capital Assets                |                                    |
| Land and Land Improvements    | 85,999                             |
| Buildings                     | 630,423                            |
| Building Improvements         | 116,105                            |
| Equipment                     | 9,299                              |
| Vehicle                       | <u>118,215</u>                     |
| Total Noncurrent Assets       | <u>960,041</u>                     |
| Total Assets                  | <u>1,362,231</u>                   |
| <b>LIABILITIES</b>            |                                    |
| Current Liabilities:          |                                    |
| Financing Obligations Payable | \$ 41,934                          |
| Total Current Liabilities     | <u>41,934</u>                      |
| Noncurrent Liabilities:       |                                    |
| Financing Obligations Payable | <u>38,218</u>                      |
| Total Noncurrent Liabilities  | <u>38,218</u>                      |
| Total Liabilities             | <u>\$ 80,152</u>                   |
| <b>NET ASSETS</b>             |                                    |
| Invested in Capital Assets    |                                    |
| Net of Related Debt           | 879,889                            |
| Assigned -                    |                                    |
| Building Funds                | 2,004                              |
| Special Accounts              | 234                                |
| Investments                   | 23,574                             |
| Unassigned                    | <u>376,378</u>                     |
| Total Net Assets              | <u>\$ 1,282,079</u>                |

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, 2018**

| <u>Functions/Programs<br/>Reporting Entity</u> | <u>Program Revenues Received</u> |                                                   |                                    | <u>Net (Expenses)<br/>Revenue and<br/>Changes in<br/>Net Assets</u> |
|------------------------------------------------|----------------------------------|---------------------------------------------------|------------------------------------|---------------------------------------------------------------------|
| <u>Expenses</u>                                | <u>Charges for<br/>Services</u>  | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u> |                                                                     |
| <b>Primary Government:</b>                     |                                  |                                                   |                                    |                                                                     |
| Governmental Activities:                       |                                  |                                                   |                                    |                                                                     |
| General Government                             | \$ 911,318                       | \$ 6,392                                          | \$ 30,937                          | \$ (873,989)                                                        |
| Total Governmental Activities                  | \$ 911,318                       | \$ 6,392                                          | \$ 30,937                          | \$ (873,989)                                                        |
| <b>General Revenues:</b>                       |                                  |                                                   |                                    |                                                                     |
| Taxes:                                         |                                  |                                                   |                                    |                                                                     |
| Real and Personal Property Taxes               |                                  |                                                   |                                    | \$ 749,440                                                          |
| Motor Vehicle Taxes                            |                                  |                                                   |                                    | 58,028                                                              |
| Other Taxes                                    |                                  |                                                   |                                    | 39,204                                                              |
| E Rate Reimbursements                          |                                  |                                                   |                                    | 3,874                                                               |
| Miscellaneous Income                           |                                  |                                                   |                                    | 4,948                                                               |
| Interest Earned                                |                                  |                                                   |                                    | 1,430                                                               |
| Total General Revenues                         |                                  |                                                   |                                    | \$ 856,924                                                          |
| Change in Net Assets                           |                                  |                                                   |                                    | (17,065)                                                            |
| Net Assets - Beginning                         |                                  |                                                   |                                    | 1,299,144                                                           |
| Net Assets - Ending                            |                                  |                                                   |                                    | \$ 1,282,079                                                        |

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



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

**June 30, 2018**

|                           | <b>General<br/>Fund</b> |
|---------------------------|-------------------------|
| <b>ASSETS</b>             |                         |
| Cash and Cash Equivalents | \$ 402,190              |
| Total Assets              | \$ 402,190              |
| <b>FUND BALANCE</b>       |                         |
| Assigned                  |                         |
| Building Fund             | 2,004                   |
| Special Account           | 234                     |
| Investments               | 23,574                  |
| Unassigned                | 376,378                 |
| Total Fund Balance        | \$ 402,190              |

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

|                                                                                                                               |              |
|-------------------------------------------------------------------------------------------------------------------------------|--------------|
| Total Fund Balance                                                                                                            | \$ 402,190   |
| Amounts Reported For Governmental Activities In The Statement<br>Of Net Assets Are Different Because:                         |              |
| Capital Assets Used in Governmental Activities Are Not<br>Financial Resources And Therefore Are Not Reported<br>in the Funds. | 1,480,808    |
| Accumulated Depreciation                                                                                                      | (520,767)    |
| Long-term Debt Is Not Due And Payable In The Current Period And,<br>Therefore, Is Not Reported In The Funds:                  |              |
| Due Within One Year-Financing Obligations Principal                                                                           | (41,934)     |
| Due Within More Than One Year-Financing Obligations Principal                                                                 | (38,218)     |
| Net Assets Of Governmental Activities                                                                                         | \$ 1,282,079 |

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, 2018**

|                                                                   | <b>General<br/>Fund</b> |
|-------------------------------------------------------------------|-------------------------|
| <b>REVENUES</b>                                                   |                         |
| <b>State Government:</b>                                          |                         |
| Kentucky Department of Libraries and Archives-<br>State Aid       | \$ 16,444               |
| Grants                                                            | 3,248                   |
| Kentucky Department of Revenue-<br>Motor Vehicle/Omitted Tangible | 17,317                  |
| Telecommunications Tax                                            | 6,093                   |
| <b>Local Government:</b>                                          |                         |
| Real and Personal Property Taxes                                  | \$ 749,440              |
| Motor Vehicle Taxes                                               | 58,028                  |
| Delinquent Tax                                                    | 15,794                  |
| <b>Other Income:</b>                                              |                         |
| Desk Receipts                                                     | \$ 3,518                |
| Donations                                                         | 11,245                  |
| E Rate Reimbursement                                              | 3,874                   |
| Copier Income                                                     | 2,874                   |
| Reimbursements                                                    | 4,948                   |
| Loan Proceeds                                                     | 85,000                  |
| Interest Income                                                   | 1,430                   |
| Total Revenues                                                    | 979,253                 |
| <b>EXPENDITURES</b>                                               |                         |
| <b>Personal Services:</b>                                         |                         |
| Salaries                                                          | 400,503                 |
| Employee Benefits                                                 | 167,711                 |
| <b>Library Materials:</b>                                         |                         |
| Books Purchased                                                   | 61,554                  |
| Periodicals and Newspapers                                        | 3,137                   |
| Audiovisual Materials                                             | 15,484                  |
| Technology Supplies                                               | 4,879                   |
| <b>Annex Operations:</b>                                          |                         |
| Annex Cleaning                                                    | 1,860                   |
| Annex Mowing                                                      | 380                     |
| Annex Fire and Security                                           | 611                     |
| Annex Utilities                                                   | 6,672                   |
| Annex Building Expense                                            | 2,796                   |
| Annex Subscriptions                                               | 315                     |
| Annex Data Bases                                                  | 1,350                   |
| Annex Equipment Maintenance                                       | 501                     |
| <b>Operating Expenses:</b>                                        |                         |
| Bookmobile Operations                                             | 3,049                   |
| Homebound Operations                                              | 2,067                   |
| Utilities                                                         | 19,578                  |
| Subtotal Expenditures                                             | \$ 692,447              |

(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, 2018 – CONTINUED**

|                                        | <u>General<br/>Fund</u> |
|----------------------------------------|-------------------------|
| <b>EXPENDITURES - Continued</b>        |                         |
| <b>Operating Expenses (Continued):</b> |                         |
| Expenditures Carried Forward           | \$ 692,447              |
| Insurance-                             |                         |
| Property Insurance                     | 9,135                   |
| Workmans Comp                          | 3,485                   |
| Repairs and Maintenance-               |                         |
| Building Maintenance                   | 3,599                   |
| Elevator Maintenance                   | 4,091                   |
| Equipment Maintenance                  | 7,622                   |
| Technology Maintenance                 | 3,750                   |
| Data Bases                             | 8,826                   |
| Mowing                                 | 280                     |
| Professional Fees                      | 9,923                   |
| E books                                | 5,134                   |
| KY Libraries Unbound                   | 1,500                   |
| Processing Supplies                    | 6,207                   |
| Program Supplies                       | 8,856                   |
| Office Supplies                        | 4,027                   |
| Postage                                | 2,776                   |
| Internet                               | 2,040                   |
| Janitorial Supplies                    | 3,216                   |
| Continuing Education and Travel        | 1,088                   |
| Miscellaneous                          | 1,494                   |
| Security System                        | 4,694                   |
| Software Support                       | 6,087                   |
| Ttechnology Acquisitions               | 1,640                   |
| Telephone                              | 5,376                   |
| Bond Renewal                           | 390                     |
| Public Relations                       | 12,481                  |
| Movie License                          | 585                     |
| <b>Grant Expense:</b>                  |                         |
| Live Homework Help                     | 4,180                   |
| <b>Capital Outlay:</b>                 |                         |
| Citizens Money Market Epxense          | 6,731                   |
| Building Fund Expense                  | 12,770                  |
| Bookmobile Purchase                    | 156,701                 |
| Expansion Fund                         | 9,288                   |
| Furniture and Fixtures                 | 11,122                  |
| Total Expenditures                     | <u>1,011,541</u>        |
| Net Change in Fund Balance             | (32,288)                |
| Fund Balance - Beginning               | 434,478                 |
| Fund Balance - Ending                  | <u>\$ 402,190</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, 2018**

**Reconciliation to the Statement of Activities:**

|                                                                                                                                                                                                                                                                                                   |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Net Change in Fund Balance - Total Governmental Funds                                                                                                                                                                                                                                             | \$ (32,288)        |
| 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                                                                                                                                                                                                                                                                                    | 160,993            |
| Depreciation Expense                                                                                                                                                                                                                                                                              | (65,618)           |
| 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: |                    |
| Deb Proceeds                                                                                                                                                                                                                                                                                      | (85,000)           |
| Principal Paid on Capital Lease Obligation                                                                                                                                                                                                                                                        | <u>4,848</u>       |
| Change in Net Assets of Governmental Activities                                                                                                                                                                                                                                                   | <u>\$ (17,065)</u> |

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

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

**June 30, 2018**

**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, 2018**

**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, 2018**

**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<br>Threshold | Useful Life<br>(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, 2018, 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 24, 2019, which is the date the financial statements were available to be issued.

**OHIO COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018**

**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, 2018, 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 19.18 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, 2018**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

|                                                | Reporting Entity     |                  |             | Ending<br>Balance |
|------------------------------------------------|----------------------|------------------|-------------|-------------------|
|                                                | Beginning<br>Balance | Increases        | Decreases   |                   |
| <b>Primary Government:</b>                     |                      |                  |             |                   |
| <u>Governmental Activities:</u>                |                      |                  |             |                   |
| Capital Assets:                                |                      |                  |             |                   |
| Land and Land Improvements                     | \$ 91,027            | \$ -             | \$ -        | \$ 91,027         |
| Building                                       | 978,924              | -                | -           | 978,924           |
| Building Improvements                          | 170,165              | 13,728           | -           | 183,893           |
| Equipment                                      | 45,288               | -                | -           | 45,288            |
| Vehicle                                        | 34,411               | 147,265          | -           | 181,676           |
|                                                | <u>1,319,815</u>     | <u>160,993</u>   | <u>-</u>    | <u>1,480,808</u>  |
| Total Capital Assets                           |                      |                  |             |                   |
| Less Accumulated Depreciation For:             |                      |                  |             |                   |
| Land and Land Improvements                     | 4,509                | 519              | -           | 5,028             |
| Building                                       | 331,923              | 16,578           | -           | 348,501           |
| Building Improvements                          | 58,040               | 9,748            | -           | 67,788            |
| Equipment                                      | 31,139               | 4,850            | -           | 35,989            |
| Vehicle                                        | 29,538               | 33,923           | -           | 63,461            |
|                                                | <u>455,149</u>       | <u>65,618</u>    | <u>-</u>    | <u>520,767</u>    |
| Total Accumulated Depreciation                 |                      |                  |             |                   |
| Governmental Activities Capital<br>Assets, Net | <u>\$ 864,666</u>    | <u>\$ 95,375</u> | <u>\$ -</u> | <u>\$ 960,041</u> |

Governmental Activities:

General Government \$ 65,618

Total Depreciation Expense - Governmental Activities \$ 65,618

**OHIO COUNTY PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**Note 5: Financing Obligation Agreements**

1. On December 29, 2017, Ohio County Public Library entered into a promissory note with PBI Bank, Inc. to purchase a new bookmobile. The loan was for \$85,107 at an interest rate of 2.49% per annum. Principal payments and applicable interest is due December 29, 2019. The principal outstanding as of June 30, 2018, is \$80,152. Future principal and interest requirements are as follows:

| Fiscal Year Ended<br>June 30 | Governmental Activities |           |
|------------------------------|-------------------------|-----------|
|                              | Interest                | Principal |
| 2019                         | \$ 1,116                | \$ 41,934 |
| 2020                         | 64                      | 38,218    |
| Totals                       | \$ 1,180                | \$ 80,152 |

Changes In Long-term

|                                                  | Beginning<br>Balance | Additions | Reductions | Ending<br>Balance | Due Within<br>One Year |
|--------------------------------------------------|----------------------|-----------|------------|-------------------|------------------------|
| <b>Primary Government:</b>                       |                      |           |            |                   |                        |
| <u>Governmental Activities:</u>                  |                      |           |            |                   |                        |
| Financing Obligations                            |                      | \$ 85,107 | \$ 4,955   | \$ 80,152         | \$ 41,934              |
| Governmental Activities<br>Long-term Liabilities | \$ 0                 | \$ 85,107 | \$ 4,955   | \$ 80,152         | \$ 41,934              |

**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, 2018, to finance the Library's operations were 7.8 cents per \$100 assessed value on real property 4.2 cents per \$100 assessed value on motor vehicles and 9.8 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, 2018**

**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 though 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, 2018

|                                                | <b>GENERAL FUND</b> |                |                                            |                                                         |
|------------------------------------------------|---------------------|----------------|--------------------------------------------|---------------------------------------------------------|
|                                                | Budgeted Amounts    |                | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|                                                | Original            | Final          |                                            |                                                         |
| <b>REVENUES</b>                                |                     |                |                                            |                                                         |
| Kentucky Department of Libraries and Archives- |                     |                |                                            |                                                         |
| State Aid                                      | \$ 14,000           | \$ 14,000      | \$ 16,444                                  | \$ 2,444                                                |
| Grants                                         |                     |                | 3,248                                      | \$ 3,248                                                |
| Kentucky Department of Revenue-                |                     |                |                                            |                                                         |
| Motor Vehicle/Omitted Tangible                 | 33,950              | 33,950         | 17,317                                     | (16,633)                                                |
| Telecommunications Tax                         | 6,250               | 6,250          | 6,093                                      | (157)                                                   |
| <b>Local Government:</b>                       |                     |                |                                            |                                                         |
| Real and Personal Property Taxes               | 689,900             | 689,900        | \$ 749,440                                 | 59,540                                                  |
| Motor Vehicle Taxes                            | 48,200              | 48,200         | 58,028                                     | 9,828                                                   |
| Delinquent Tax                                 | 20,000              | 20,000         | 15,794                                     | (4,206)                                                 |
| <b>Other Income:</b>                           |                     |                |                                            |                                                         |
| Desk Receipts                                  | 4,200               | 4,200          | \$ 3,518                                   | (682)                                                   |
| Donations                                      | 3,500               | 3,500          | 11,245                                     | 7,745                                                   |
| E Rate Reimbursement                           | 5,600               | 5,600          | 3,874                                      | (1,726)                                                 |
| Copier Income                                  | 4,200               | 4,200          | 2,874                                      | (1,326)                                                 |
| Reimbursements                                 | 3,500               | 3,500          | 4,948                                      | 1,448                                                   |
| Loan Proceeds                                  |                     |                | 85,000                                     | 85,000                                                  |
| Interest Income                                | 2,200               | 2,200          | 1,430                                      | (770)                                                   |
| Total Revenues                                 | <u>835,500</u>      | <u>835,500</u> | <u>979,253</u>                             | <u>59,401</u>                                           |
| <b>EXPENDITURES</b>                            |                     |                |                                            |                                                         |
| <b>Personal Services:</b>                      |                     |                |                                            |                                                         |
| Salaries                                       | 430,100             | 430,100        | 400,503                                    | (29,597)                                                |
| Employee Benefits                              | 154,432             | 154,432        | 167,711                                    | 13,279                                                  |
| <b>Library Materials:</b>                      |                     |                |                                            |                                                         |
| Books Purchased                                | 59,200              | 59,200         | 61,554                                     | 2,354                                                   |
| Periodicals and Newspapers                     | 2,600               | 2,600          | 3,137                                      | 537                                                     |
| Audiovisual Materials                          | 23,800              | 23,800         | 15,484                                     | (8,316)                                                 |
| Technology Supplies                            | 7,200               | 7,200          | 4,879                                      | (2,321)                                                 |
| <b>Annex Operations:</b>                       |                     |                |                                            |                                                         |
| Annex Cleaning                                 | 1,700               | 1,700          | 1,860                                      | 160                                                     |
| Annex Mowing                                   | 650                 | 650            | 380                                        | (270)                                                   |
| Annex Fire and Security                        | 1,000               | 1,000          | 611                                        | (389)                                                   |
| Annex Utilities                                | 6,600               | 6,600          | 6,672                                      | 72                                                      |
| Annex Equipment Maintenance                    | 1,700               | 1,700          | 501                                        | (1,199)                                                 |
| Annex Building Expense                         | 2,200               | 2,200          | 2,796                                      | 596                                                     |
| Annex Subscriptions                            | 150                 | 150            | 315                                        | 165                                                     |
| Annex Data Bases                               | 1,250               | 1,250          | 1,350                                      | 100                                                     |
| <b>Operating Expenses:</b>                     |                     |                |                                            |                                                         |
| Bookmobile Operations                          | 4,300               | 4,300          | 3,049                                      | (1,251)                                                 |
| Homebound Operations                           | 700                 | 700            | 2,067                                      | 1,367                                                   |
| Utilities                                      | 22,000              | 22,000         | 19,578                                     | (2,422)                                                 |
| Subtotal Expenditures                          | <u>719,582</u>      | <u>719,582</u> | <u>\$ 692,447</u>                          | <u>(27,135)</u>                                         |

**OHIO COUNTY PUBLIC LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**Required Supplementary Information -Modified Cash Basis**  
**For The Year Ended June 30, 2018**

|                                        | <b>GENERAL FUND</b>     |                |                                           |                                                 |
|----------------------------------------|-------------------------|----------------|-------------------------------------------|-------------------------------------------------|
|                                        | <b>Budgeted Amounts</b> |                | <b>Actual</b>                             | <b>Variance with</b>                            |
|                                        | <b>Original</b>         | <b>Final</b>   | <b>Amounts,<br/>(Budgetary<br/>Basis)</b> | <b>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>EXPENDITURES - Continued</b>        |                         |                |                                           |                                                 |
| <b>Operating Expenses (Continued):</b> |                         |                |                                           |                                                 |
| Expenditures Carried Forward           | 719,582                 | 719,582        | 692,447                                   | 27,135                                          |
| Property Insurance                     | 8,000                   | 8,000          | 9,135                                     | (1,135)                                         |
| Workmans Comp                          | 4,500                   | 4,500          | 3,485                                     | 1,015                                           |
| Building Maintenance                   | 6,400                   | 6,400          | 3,599                                     | 2,801                                           |
| Elevator Maintenance                   | 3,700                   | 3,700          | 4,091                                     | (391)                                           |
| Equipment Maintenance                  | 3,000                   | 3,000          | 7,622                                     | (4,622)                                         |
| Technology Maintenance                 |                         |                | 3,750                                     | (3,750)                                         |
| Contract Labor                         | 500                     | 500            |                                           |                                                 |
| Data Bases                             | 9,700                   | 9,700          | 8,826                                     | 874                                             |
| Mowing                                 | 700                     | 700            | 280                                       | 420                                             |
| Professional Fees                      | 3,600                   | 3,600          | 9,923                                     | (6,323)                                         |
| E books                                | 6,218                   | 6,218          | 5,134                                     | 1,084                                           |
| KY Libraries Unbound                   |                         |                | 1,500                                     | (1,500)                                         |
| Processing Supplies                    | 5,700                   | 5,700          | 6,207                                     | (507)                                           |
| Program Supplies                       | 6,500                   | 6,500          | 8,856                                     | (2,356)                                         |
| Office Supplies                        | 2,900                   | 2,900          | 4,027                                     | (1,127)                                         |
| Postage                                | 2,100                   | 2,100          | 2,776                                     | (676)                                           |
| Internet                               | 2,000                   | 2,000          | 2,040                                     | (40)                                            |
| Janitorial Supplies                    | 4,900                   | 4,900          | 3,216                                     | 1,684                                           |
| Continuing Education and Travel        | 2,600                   | 2,600          | 1,088                                     | 1,512                                           |
| Miscellaneous                          | 4,400                   | 4,400          | 1,494                                     | 2,906                                           |
| Security System                        | 2,000                   | 2,000          | 4,694                                     | (2,694)                                         |
| Software Support                       | 5,500                   | 5,500          | 6,087                                     | (587)                                           |
| Technology Acquisitions                |                         |                | 1,640                                     | (1,640)                                         |
| Telephone                              |                         |                | 5,376                                     | (5,376)                                         |
| Bond Renewal                           | 1,500                   | 1,500          | 390                                       | 1,110                                           |
| Public Relations                       | 11,000                  | 11,000         | 12,481                                    | (1,481)                                         |
| Movie License                          | 500                     | 500            | 585                                       | (85)                                            |
| Live Homework Help                     | 4,800                   | 4,800          | 4,180                                     | 620                                             |
| Citizens Money Market Expense          |                         |                | 6,731                                     | (6,731)                                         |
| Building Fund                          |                         |                | 12,770                                    | (12,770)                                        |
| Bookmobile Purchase                    |                         |                | 156,701                                   | (156,701)                                       |
| Expansion Fund                         | 6,800                   | 6,800          | 9,288                                     | (2,488)                                         |
| Furniture and Fixtures                 | 6,400                   | 6,400          | 11,122                                    | (4,722)                                         |
| Total Expenditures                     | <u>835,500</u>          | <u>835,500</u> | <u>1,011,541</u>                          | <u>(176,041)</u>                                |
| Net Change in Fund Balance             |                         |                | (32,288)                                  |                                                 |
| Fund Balance - Beginning               |                         |                | 434,478                                   |                                                 |
| Fund Balance - Ending                  | <u>\$ 0</u>             |                | <u>\$ 402,190</u>                         | <u>\$ 0</u>                                     |

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

**June 30, 2018**

**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, 2018 and the related notes to the financial statement, which collectively comprise the Library's basic financial statements, as listed in the table of contents and have issued my report thereon dated June 24, 2019. 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 24, 2019