

**BULLITT COUNTY PUBLIC LIBRARY**

**FINANCIAL STATEMENTS**

Year Ended June 30, 2013

With

Independent Auditor's Report

BULLITT COUNTY PUBLIC LIBRARY

FINANCIAL STATEMENTS

Year Ended June 30, 2013

With

Independent Auditor's Report

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**DePRIE & ADKISSON, PSC**  
Certified Public Accountants

12730 Townepark Way, Suite 103  
Louisville, Kentucky 40243

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Bullitt County Public Library  
Shepherdsville, Kentucky

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the general purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Bullitt County Public Library as of June 30, 2013, and the respective changes in financial position thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Bullitt County Public Library  
Page 2

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Audit Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013, on our consideration of the Bullitt County Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bullitt County Public Library's internal control over financial reporting and compliance.

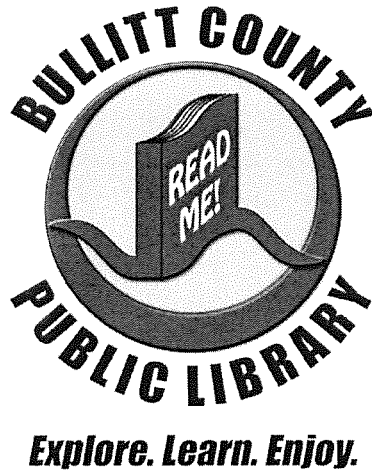
*DePrie & Adkisson, PSC*

Certified Public Accountants

October 25, 2013

Ridgway Memorial Library  
Main Library and Administrative Office  
127 N. Walnut, P.O. Box 99  
Shepherdsville, KY 40165  
(502) 543-7675  
(502) 543-5487 fax  
Mon.-Thurs. 9 a.m.-8 p.m.  
Fri. & Sat. 9 a.m.-5 p.m.  
Sun. 1 p.m.-5 p.m.

Dorothea Stottman Annex  
Technical Services and Programming  
1251 Hillview Blvd.  
Louisville, KY 40229  
(502) 957-0455  
(502) 957-0456 fax  
Mon.-Fri. 9 a.m.-5 p.m.



Hillview Branch Library  
155 Terry Blvd.  
Hillview, KY 40229  
(502) 957-5759  
(502) 957-0448 fax  
Mon.-Thurs. 9 a.m.-8 p.m.  
Fri. & Sat. 9 a.m.-5 p.m.

Mt. Washington Library  
Branch Library  
311 Snapp St.  
Mt Washington, KY 40047  
(502) 538-7560  
(502) 538-2696 fax  
Mon.-Thurs. 9 a.m.-8 p.m.  
Fri. & Sat. 9 a.m.-5 p.m.

Lebanon Junction Library  
Branch Library  
11382 S. Preston Hwy.  
Lebanon Jct., KY 40150  
(502) 833-4648  
(502) 833-9877 fax  
Mon.-Thurs. 9 a.m.-8 p.m.  
Fri. & Sat. 9 a.m.-5 p.m.

### Bullitt County Public Library Management's Discussion and Analysis Fiscal Year 2012-2013

The Bullitt County Public Library District is a special taxing district authorized under KRS 173.450. The Library Board sets and approves the budget based on the annual fiscal year starting July 1<sup>st</sup> and ending June 30<sup>th</sup>. The Governing Board is a five member board with fixed terms as specified by law. The Library Board of Trustees meets once a month. Over the course of the year, the Board monitors the budget and policies of the library. In addition to having annual audits performed, the Library system completes an Annual report that contains financial and other statistical information. Other information about the library system is available at the library's web site ([www.bcplib.org](http://www.bcplib.org)). Questions should be directed to the administrative offices located at the Ridgway Memorial Library in Shepherdsville.

The 2010 census shows the county population at **74,319**. The most current population estimate is for 2012 and it estimates the population at 75,896. Bullitt County is still the 10<sup>th</sup> largest county by population in the state of Kentucky. The county grew in the last decade 21.4%. Even with the weak economy, the tax base has been stable. During the short term, the demands on the library services have continued to increase. During tight economic times library usage tends to increase because most of the services we provide are free to the public. Instead of purchasing a book people tend to borrow or download materials from the library. Instead of paying for internet access at home, they use it for free at the library.

Bullitt County Library District tax rate is **6.9** cents per \$100 assessed value for real property and **6.9** cents per \$100 assessed value for personal property and **2.12** per \$100 for Motor Vehicle assessed value. This reflects the same rates from the previous year. During the fiscal year 2012 – 2013 Bullitt County Public Libraries received **\$4,888,050** in total revenues, a decrease from \$5,303,046 in 2011 – 2012 total revenues. Of that amount, **\$4,605,454** was from local property taxes. **94%** of the library's total revenue comes from tax revenue. As of June 30, 2013 the Library District had a total fund balance of **\$12,285,959**, and a total liabilities and net asset of **\$20,826,445**. The library's long term liabilities were **\$338,000**. The Library has been awarded a grant from the State of Kentucky that will pay \$20,000 annually for 20 years to help pay down the bond. The money paid by the State is contingent upon the State of Kentucky's reauthorizing this item in the State's biennium budget.

The library receives its tax income in uneven amounts. About half of the tax income is received when the real estate property taxes are collected and distributed in the final quarter of the year. The rest of the income comes in unequal and usually diminishing amounts throughout the remainder of the year. The library needs to

maintain enough cash on hand to meet expenses not only to the end of the current fiscal year, but also until the next property tax collections are made the following November or December.

The Bullitt County Libraries finished construction on the new Hillview Branch Library and the Dorothea Stottman Annex just last year. We are working on a major landscape project behind the new Hillview Library. We have purchased property and starting design work on a new building for our Mt. Washington Library. We plan to also start upgrading our public computers.

There are a couple of events outside of our county that may have a future impact on our library operations. These include two lawsuits in northern Kentucky counties challenging the library authority to raise tax rates and challenges which section of KRS applies to library special taxing districts setting rates. The upcoming Kentucky general assembly is likely to take up legislation that may affect special taxing districts governing authority in the selection of Board members and other matters as well.

If you have any questions about this report or need additional financial information contact Joseph Schweiss, Director, at Bullitt County Public Libraries, 127 N Walnut Street, Shepherdsville, KY, 502-543-7675.

## BULLITT COUNTY PUBLIC LIBRARY

GOVERNMENTAL FUNDS BALANCE SHEET  
AND STATEMENT OF NET POSITION  
June 30, 2013

	Governmental Funds			Statement of
	General	Total	Adjustments	Net Position
	Fund			
ASSETS				
Cash	\$ 12,323,061	\$ 12,323,061	\$ -	\$ 12,323,061
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Property taxes receivable	11,797	11,797	-	11,797
Other receivables	-	-	-	-
Capital assets, net of accumulated depreciaion	-	-	8,491,587	8,491,587
TOTAL ASSETS	12,334,858	12,334,858	8,491,587	20,826,445
LIABILITIES				
Accounts payable	-	-	-	-
Other current liabilities	48,899	48,899	53,154	102,053
Noncurrent liabilities	-	-	-	-
Notes payable				
Due within one year	-	-	38,000	38,000
Due after one year	-	-	338,000	338,000
TOTAL LIABILITIES	48,899	48,899	429,154	478,053
FUND BALANCES/NET POSITION				
Fund balances				
Non-spendable	12,285,959	12,285,959	(12,285,959)	-
Unassigned				
Restricted	-	-	-	-
TOTAL FUND BALANCES	12,285,959	12,285,959	(12,285,959)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,334,858	\$ 12,334,858		478,053
Net Position				
Invested in capital assets, net of related debit			8,115,587	8,115,587
Unrestricted			12,232,805	12,232,805
Temporarily restricted			-	-
TOTAL NET POSITION			20,348,392	20,348,392
TOTAL LIABILITIES AND NET POSITION			\$ 8,491,587	\$ 20,826,445

See Accompanying Notes to Financial Statements

BULLITT COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

For The Year Ended June 30, 2013

Fund balances - total governmental funds	\$ 12,285,959
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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.	8,491,587
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Some expenditures reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	(53,154)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(376,000)
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Net Position - governmental activities	<u>\$ 20,348,392</u>
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See Accompanying Notes to Financial Statements



## BULLITT COUNTY PUBLIC LIBRARY

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2013

	Governmental Funds		Adjustments	Statement of Activities
	General Fund	Total		
REVENUES				
Property taxes	\$ 4,605,454	\$ 4,605,454	\$ -	\$ 4,605,454
Governmental grants	56,660	56,660	-	56,660
Gifts and contributions	25,311	25,311	-	25,311
Book rentals and fines	24,856	24,856	-	24,856
Copier and fax income	27,014	27,014	-	27,014
Investment income	119,803	119,803	-	119,803
Rent income	10,019	10,019	-	10,019
Miscellaneous income	18,933	18,933	-	18,933
		-		
TOTAL REVENUES	4,888,050	4,888,050	-	4,888,050
EXPENDITURES/EXPENSES				
Personnel	1,812,405	1,812,405	118	1,812,523
Library materials	400,239	400,239	(392,761)	7,478
Operating expenses	315,865	315,865	-	315,865
Depreciation	-	-	605,547	605,547
Debt service	579,147	579,147	(579,147)	-
Debt service - bond interest	-	-	155,147	155,147
TOTAL EXPENDITURES/EXPENSES	3,107,656	3,107,656	(211,096)	2,896,560
EXCESS OF REVENUES OVER EXPENDITURES/EXPENSES	1,780,394	1,780,394	211,096	1,991,490
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Proceeds from sale of surplus equipment	-	-	-	-
Capital outlay	(280,363)	(280,363)	280,363	-
Transfers	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(280,363)	(280,363)	280,363	-
CHANGE IN FUND BALANCES/ NET POSITION	1,500,031	1,500,031	491,459	1,991,490
FUND BALANCE/NET POSITION, BEGINNING	10,785,928	10,785,928	7,570,974	18,356,902
FUND BALANCE/NET POSITION, ENDING	\$ 12,285,959	\$ 12,285,959	\$ 8,062,433	\$ 20,348,392

See Accompanying Notes to Financial Statements

BULLITT COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 1,500,031
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Amounts reported for governmental activities in the statement of  
activities are different because:

Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$673,124) exceeded depreciation (\$605,547) in the current period.	67,577
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Proceeds of bond issues (\$0) are financing sources in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets.	-
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Repayment of bond principal (\$23,000) and note payable principal (\$401,000) are expenditures and other financing sources in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.	424,000
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Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(118)
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Changes in net position - governmental activities	<u>\$ 1,991,490</u>
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See Accompanying Notes to Financial Statements

## BULLITT COUNTY PUBLIC LIBRARY

## SCHEDULE OF EXPENDITURES

For The Year Ended June 30, 2013

Personnel	
Librarian and library staff	1,306,949
Payroll taxes	107,536
Pension expense	179,939
Insurance	217,981
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Total Personnel	1,812,405
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Library materials	
Books	300,898
Periodicals	5,375
Audio/visual aids/software	86,488
Library supplies	7,478
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Total Library Materials	400,239
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Operating expenses	
Utilities	70,380
Rent	-
Telephone	7,774
Maintenance	43,175
Software support	76,639
Insurance	29,328
Office supplies	15,923
Travel expense	746
Professional fees	10,496
Program expense/public relations	25,677
Staff training	9,878
Dues	1,620
Postage	1,258
Equipment/furniture/building	16,925
Miscellaneous expense	6,046
	<hr/>
Total Operating Expenses	315,865
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Capital Outlay	
Construction	148,889
Debt service	579,147
Other	131,474
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Total Capital Outlay	859,510
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Total Expenses	3,388,019
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See Accompanying Notes to Financial Statements

## BULLITT COUNTY PUBLIC LIBRARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### NOTE A - DESCRIPTION OF ORGANIZATION

The Bullitt County Public Library was established in the early 1950's under the provisions of the Commonwealth of Kentucky to provide library and related services to the citizens of Bullitt County, Kentucky.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Library's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis*, and Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which mandate the new reporting model implemented by the Library. The more significant of the Library's accounting policies are described below.

- (1) **Reporting Entity** – The Library is the basic level of government that has oversight responsibility and control over all activities related to the public library in Bullitt County, Kentucky. The Library receives funding from local and state government sources and must comply with the requirements of these funding source entities. However, the Library is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Library board members have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.
- (2) **Government-Wide and Fund Financial Statements** – The financial statement presentation for the Library includes separate columns reporting a statement of net assets and a statement of activities. These statements present a government-wide presentation of all activities of the Library.
- (3) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Both long-term and current assets and liabilities are included in the statement of net assets.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Only current assets and current liabilities generally are included on the balance sheet. Property tax revenues and revenues from the Commonwealth of Kentucky are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

**BULLITT COUNTY PUBLIC LIBRARY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2013**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (4) **Fund Accounting** – The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library uses governmental funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Library reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the Library except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the laws of the Kentucky and the bylaws of the Library.

Endowment Fund – The Library uses the Endowment Fund to account for resources to be used for all genealogical acquisitions.

*Fund Balances*

GASB Statement 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Library's fund balances more transparent. In the fund financial statements, governmental fund balances can be presented in five possible categories:

Non-spendable – resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or governmental laws or regulations or imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the Library imposed on itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.

Unassigned – amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

**BULLITT COUNTY PUBLIC LIBRARY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2013**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (5) **Budget** – The Library adopts an annual budget for the general fund. The budget is prepared on the cash basis, a comprehensive basis of accounting other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized and recorded when received in cash and when paid, respectively. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements. A reconciliation of the cash basis actual amounts in the budgetary comparison to the GAAP basis actual amounts in the fund and government-wide statements is shown at the bottom of the budgetary comparison schedule. The amended budget amounts presented in the accompanying financial statements have been adjusted for authorized amendments of the annual budget adopted by the Library Board of Trustees. All appropriations lapse at year end.
- (6) **Cash and Cash Equivalents** – For the purpose of these financial statements, cash equivalents include time deposits, certificate of deposit, and all highly liquid debt instruments with original maturities of three months or less.
- (7) **Net Position** – Net position presents the difference between assets and liabilities in the statement of net position. Net Position invested in capital assets are reduced by the outstanding balances of any borrowing, if any, used for the acquisition, construction or improvement of those assets. Net position is reported as restricted if and when there are legal limitations imposed on their use by Library legislation or external restrictions by creditors, grantors, laws or regulations of other governments.
- (8) **Capital Assets** – Land, buildings, collection, and other capital assets with useful lives of more than one year resulting from expenditures in the governmental funds are recorded at cost (or estimated historical cost) net of accumulated depreciation in the government-wide statement of net assets but are reported as expenditures in governmental fund financial statements. The Library maintains a capitalization threshold of \$500. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The Library does not possess any infrastructure. The Library depreciates capital assets using the straight-line method of depreciation over the estimated useful life of the asset.
- (9) **Allowance for Uncollectible Accounts** – At June 30, 2013, management deems all accounts receivable collectible. Therefore, no allowance for uncollectible accounts is included in the financial statements.
- (10) **Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.
- (11) **Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**BULLITT COUNTY PUBLIC LIBRARY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2013**

**NOTE C - CASH AND INVESTMENTS**

At June 30, 2013, the carrying amount of the Library's deposits (cash and cash equivalents) was \$12,323,061. Of the bank balance, \$250,226 is covered by federal depository insurance (FDIC) and the remaining is secured by pledged securities held by the pledging financial institution's agent in the Library's name as collateral for bank balances in excess of the FDIC insured amount. Cash deposited in bank accounts that is restricted for specific expenditures as specified by grant or other funding agreements is reported as restricted cash. The Library's deposits consisted of demand deposits and certificates of deposit.

Kentucky Revised Statutes authorize districts to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state charter banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

**NOTE D - CAPITAL ASSETS**

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

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 438,109	\$ -	\$ -	\$ 438,109
Land Improvements	37,177	-	-	37,177
Buildings	7,570,565	148,890	-	7,719,455
Vehicles	22,558	-	-	22,558
Collection	2,142,549	392,760	191,511	2,343,798
Equipment and Furniture	<u>987,892</u>	<u>131,474</u>	<u>-</u>	<u>1,119,366</u>
Total Cost	11,198,850	673,124	191,511	11,680,463
Less:				
Accumulated Depreciation	( 2,774,840)	( 605,547)	( 191,511)	( 3,188,876)
Net Book Value	\$ <u>8,424,010</u>	\$ <u>67,577</u>	\$ <u>( )</u>	\$ <u>8,491,587</u>

**NOTE E - LIABILITY FOR COMPENSATED ABSENCES**

Employees are allowed to accrue sick days. However, sick leave does not vest under the Library's policies and accordingly, employees can only utilize sick leave when sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Employees are also allowed to accrue vacations hours, which are vested. Accordingly, the employee can be paid for unused vacation days upon termination.

A liability for accumulated vacation hours is accrued when incurred in the government-wide financial statements. The amount accrued in the government-wide financial statements is \$53,154 at June 30, 2013.

**BULLITT COUNTY PUBLIC LIBRARY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2013**

**NOTE F – PROPERTY TAXES**

The Library's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, personal and motor vehicle property located in Bullitt County. Property taxes are collected by the Bullitt County Sheriff, the Bullitt County Clerk, and the Commonwealth of Kentucky and remitted to the Library. Taxes are due on November 1 and become delinquent by January 1 following the October 1 levy date.

**NOTE G - BOND PAYABLE**

Bond Payable at June 30, 2013 consists of a general obligation bond issue bearing interest at 4.05%. Interest is paid semi-annually. The Bond Issue was used to conduct a major renovation of the main library in Shepherdsville, Kentucky.

Principal is paid annually with the maturities as follows:

2014	\$ 24,000
2015	25,000
2016	26,000
2017	27,000
2018	<u>28,000</u>
	\$ 130,000
Balance subsequent to 2018	<u>246,000</u>
Total Bond Debt at June 30, 2013	<u>\$ 376,000</u>

**NOTE H - EMPLOYEE BENEFITS**

The Library participates in a statewide, cost-sharing, multiple-employer, public employers' defined benefit pension plan on behalf of Library employees. The plan, created under Kentucky Revised Statute (KRS) 78.520, provides for retirement, disability, and death benefits to plan members. Under the provision of KRS 61.565, the plan is administered by the Board of Trustees of Kentucky Retirement Systems and funded by contributions from participants and employers and by investment earnings.

**Plan Descriptions, Contribution Information, and Funding Policies**

Kentucky Retirement Systems County Employees' Retirement System Non-Hazardous Employees Pension Plan (CERS)

All regular full-time employees in a non-hazardous position of duty are eligible to participate in CERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of the State legislature.

Non-hazardous duty employees were required to contribute 5% of their annual creditable compensation, which is withheld by the Library. The Library was required to contribute at an actuarially determined rate of 19.55% of participating non-hazardous duty employee's annual creditable compensation. Normal contributions and past service contribution rates are determined in accordance with KRS 61.565(3) on the basis of an annual valuation.



**BULLITT COUNTY PUBLIC LIBRARY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2013**

**NOTE H - EMPLOYEE BENEFITS (CONTINUED)**

The actual percentage contributed by the Library for the current and previous two years was 16.93%, 18.96% and 19.55% for the years ending June 30, 2011, 2012 and 2013, respectively.

**Trend Information**

Contributions required by state statute for the year ended June 30, 2013 were 100% contributed. The contributions included employer contributions of \$179,939. The Library's total payroll for all employees during the year was \$1,306,949.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the CERS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among CERS and employers. The CERS does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 2012, for the CERS as a whole, determined through an actuarial valuation performed as of that date, was \$9,139,567,695. The CERS's net assets available for benefits at that date (valued at market) were \$5,547,235,599.

Kentucky Retirement Systems issues a stand-alone financial report that includes financial statements and required supplementary information including actuarial valuation for Kentucky Retirement Systems. Interested parties may obtain a copy for further plan information from the most recently published CAFR at [www.kyret.com](http://www.kyret.com).

**NOTE I - OTHER LONG-TERM OBLIGATIONS**

The Library has the following long-term obligations outstanding as of June 30, 2013:

Accrued compensated absences	\$ <u>53,037</u>
Total long-term obligations	\$ <u>53,037</u>

**NOTE J - RISK MANAGEMENT**

The Library is exposed to various forms of losses associated with the risks of fire; personal liability, vehicular accidents; errors and omissions; torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Each of these risk areas is covered through the purchase of commercial insurance. The Library has purchased certain policies that are retrospectively rated which include worker's compensation insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

## **SUPPLEMENTAL INFORMATION**

## BULLITT COUNTY PUBLIC LIBRARY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
NON-GAAP CASH BASIS

For The Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 5,100,000	\$ 5,100,000	\$ 4,611,190	\$ (488,810)
Governmental grants	45,000	45,000	56,660	11,660
Gifts and contributions	12,000	12,000	25,311	13,311
Book rentals and fines	23,000	23,000	24,856	1,856
Copier and fax income	28,000	28,000	27,014	(986)
Investment income	175,000	175,000	119,803	(55,197)
Rent income	-	-	10,019	10,019
Miscellaneous income	31,800	31,800	18,933	(12,867)
TOTAL REVENUES	5,414,800	5,414,800	4,893,786	(521,014)
EXPENDITURES				
Personnel	2,100,000	2,100,000	1,808,674	291,326
Library materials	459,000	459,000	400,239	58,761
Operating expenses	510,500	510,500	315,865	194,635
Capital outlay	2,270,340	2,270,340	421,397	1,848,943
Debt service	74,960	74,960	579,147	(504,187)
TOTAL EXPENDITURES	5,414,800	5,414,800	3,525,322	1,889,478
CHANGE IN FUND BALANCES	-	-	1,368,464	1,368,464

**BUDGET TO GAAP RECONCILIATION:**

A reconciliation of the cash basis actual amounts to the GAAP basis actual amounts in the fund statements follows:

	<u>General Fund</u>
Sources/revenues	
Actual amounts (budgetary basis)	\$ 4,893,786
Differences - budget to GAAP:	
The Library budgets for property taxes and other revenues only to the extent expected to be received, rather than on the modified accrual basis	<u>(5,736)</u>
Total revenues as reported on the governmental fund statement of revenues, expenditures, and changes in fund balances	<u>\$ 4,888,050</u>
Uses/expenditures:	
Actual amounts (budgetary basis)	\$ 3,525,322
Differences - budget to GAAP:	
The Library budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis	<u>(137,303)</u>
Total expenditures as reported on the governmental fund statement of revenues, expenditures, and changes in fund balance	<u>\$ 3,388,019</u>

## **GOVERNMENTAL AUDITING STANDARDS**

INDEPENDENT AUDITORS' 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*

**DePRIE & ADKISSON, PSC**  
Certified Public Accountants

12730 Townepark Way, Suite 103  
Louisville, Kentucky 40243

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Bullitt County Public Library  
Shepherdsville, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bullitt County Public Library as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bullitt County Public Library, Kentucky's basic financial statements and have issued our report thereon dated October 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Bullitt County Public Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bullitt County Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bullitt County Public Library's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Bullitt County Public Library  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bullitt County Public Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

This 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 communications is not suitable for any other purpose.

*DePrie & Adkisson, PSC*

Certified Public Accountants

October 25, 2013