

BOYD COUNTY PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Boyd County Public Library District
Ashland, Kentucky 41101

Report on the Financial Statement

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Boyd County Public Library District (the "Library") as of and for the year ended June 30, 2015, 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 cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash-basis financial position of the governmental activities and each major fund of Boyd County Public Library District as of June 30, 2015 and the respective changes in cash-basis financial position for the year then ended in conformity with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Management has omitted a Management's Discussion and Analysis, the Schedules of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions that accounting principles generally accepted in the United States requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's financial statements. The budgetary comparison information on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2015, on our consideration of the Library's internal control over financial reporting and 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 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.

Kelley Galloway Smith Deebly, PSC

October 21, 2015
Ashland, Kentucky

**BOYD COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015**

	<u>Governmental- Type Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,577,981
Certificates of deposit	<u>1,081,269</u>
Total current assets	<u>5,659,250</u>
Total assets	<u><u>\$ 5,659,250</u></u>
 NET POSITION	
Unrestricted	<u>5,659,250</u>
Total net position	<u><u>\$ 5,659,250</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues			Net Expense and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
Library services	\$ 3,255,250	\$ 57,816	\$ 44,713	\$ (3,152,721)
Total governmental activities	<u>3,255,250</u>	<u>57,816</u>	<u>44,713</u>	<u>(3,152,721)</u>
Total primary government	<u>\$ 3,255,250</u>	<u>\$ 57,816</u>	<u>\$ 44,713</u>	<u>\$ (3,152,721)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				\$ 3,094,366
Other				3,964
Interest income				22,485
Total general revenues				<u>3,120,815</u>
Change in net position				(31,906)
Net position, June 30, 2014				<u>5,691,156</u>
Net position, June 30, 2015				<u>\$ 5,659,250</u>

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 4,577,981	\$ -	\$ 4,577,981
Certificates of deposit	1,025,082	56,187	1,081,269
Total assets	<u>\$ 5,603,063</u>	<u>\$ 56,187</u>	<u>\$ 5,659,250</u>
 Fund balances			
Committed	\$ 1,025,082	\$ 56,187	\$ 1,081,269
Unassigned	4,577,981	-	4,577,981
Total fund balances	<u>\$ 5,603,063</u>	<u>\$ 56,187</u>	<u>\$ 5,659,250</u>

The accompanying notes to financial statements
are an integral part of this statement.

**BOYD COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Receipts:			
From local sources:			
Taxes	\$ 3,094,366	\$ -	\$ 3,094,366
Charges for services	57,816	-	57,816
Local contributions	7,850	-	7,850
Other local	3,964	-	3,964
Interest income	22,289	196	22,485
State aid/grants	36,863	-	36,863
Total receipts	<u>3,223,148</u>	<u>196</u>	<u>3,223,344</u>
Disbursements:			
Current:			
Library services	<u>3,255,250</u>	-	<u>3,255,250</u>
Total disbursements	<u>3,255,250</u>	<u>-</u>	<u>3,255,250</u>
Net change in fund balances	(32,102)	196	(31,906)
Fund balances, June 30, 2014	<u>5,635,165</u>	<u>55,991</u>	<u>5,691,156</u>
Fund balances, June 30, 2015	<u>\$ 5,603,063</u>	<u>\$ 56,187</u>	<u>\$ 5,659,250</u>

The accompanying notes to financial statements
are an integral part of this statement.

BOYD COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) NATURE OF ORGANIZATION

The Boyd County Public Library District (the "Library") was organized June 3, 1981 in accordance with section 173.720 of the Kentucky Revised Statutes (KRS). The Library provides library services to the citizens of Boyd County, Kentucky and surrounding areas. The Library's major sources of funding are 12.4 cents per hundred assessed valuation of real property, 12.4 cents per hundred assessed valuation of personal property, and 4.6 cents per hundred assessed valuation of motor vehicles property tax rates levied on property in Boyd County, Kentucky.

A summary of the more significant accounting policies of the Library are as follows:

Fund Accounting

The Library uses funds to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Library as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements - provide information about the primary government (the Library). The statements include a statement of net position – cash basis and a statement of activities – cash basis. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the Library. Governmental activities generally are financed through taxes and intergovernmental revenues. The Library had no business-type activities.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Library's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the Library.

Fund financial statements - provide information about the Library's funds. Separate statements are presented for the governmental fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The Library has two major funds, the General Fund and Building Fund.

General Fund - The General Fund is used to account for all uncommitted financial resources of the Library.

Building Fund – The Building Fund is a capital projects fund used to account for costs associated with building repairs and renovations which is primarily funded by state grants and/or local contributions.

The accounting and reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. All governmental fund types are accounted for using the cash basis of accounting. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis. Receipts are recognized when received and disbursements are recognized when paid. This differs from U.S. generally accepted accounting principles, which requires the government-wide financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and 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.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from U.S. generally accepted accounting principles, which require the governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and 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. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Basis of Accounting

In accordance with KRS 173.770, the Library maintains its accounting records and prepares its financial statements on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when obligations are incurred. Therefore, receivables, investments at fair market value, and payables, accrued income and expenses, and property, buildings, equipment and the related depreciation which may be material in amount are not reflected in the financial statements. Accordingly, the statement of receipts, disbursements and cash basis fund balances - cash basis is not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

Investments

Investments are reported on the cost basis. Since all investments were donated to the Library, they have a zero cost basis. No unrealized gains or losses are included in the Statement of Receipts, Disbursements and Cash Basis Fund Balances - Cash Basis in accordance with the cash basis of accounting.

Income Taxes

The Library qualifies as a local government taxing district and therefore is exempt from federal and state income taxes.

Budgeting

The Library prepares an annual budget as required by the Kentucky Revised Statutes in establishing budgetary data reflected in the financial statement. The Library's budget is approved by the Board of Trustees.

(2) CASH BALANCES

The cash balances at June 30, 2015 consisted of the following:

Cash on hand	\$	100	
Checking/repurchase agreement		4,577,881	
Certificates of deposit		<u>1,025,082</u>	
Total general fund cash	\$		<u>5,603,063</u>
Certificate of deposit		<u>56,187</u>	
Total building fund cash			<u>56,187</u>
Total cash	\$		<u>5,659,250</u>

(3) INVESTMENTS

A summary of investments at June 30, 2015 is as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ -	\$ 25,368	\$ 25,368

Investment return included in the financial statements is summarized as follows:

Dividend income	\$	<u>434</u>
	\$	<u>434</u>

(4) PENSION PLAN

County Employees Retirement System

The Library participates in the County Employees Retirement System ("CERS").

Plan Description - CERS is a cost-sharing, multiple-employer, defined benefit plan administered by the Kentucky General Assembly. The plan covers cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, cost of living adjustments ("COLAs") were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. On July 1, 2013, the COLA was not granted.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report ("KRS") that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems,

Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions - Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 17.76% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The Library's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2014. At June 30 2014, the Library's proportion was .034573%.

The Library's total payroll for the year was \$973,976. The payroll for employees covered under CERS was \$606,015. The Library's contributions to CERS for the years ending June 30, 2015, 2014, and 2013 were \$107,083, \$137,827, and \$122,726, respectively, equal to the required contributions for the year.

Actuarial Methods and Assumptions: The actuarial valuation date upon which the total pension liability was based is June 30, 2014. No update procedures were used to determine the total pension liability. An expected total pension liability is determined as of July 1, 2013, using standard roll back techniques. The roll back calculation subtracts the annual normal cost (also called the service cost), adds the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The Total Pension Liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005 – June 30, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.5%
Salary Increase	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement. The long term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated September 25, 2009. Several factors are considered in evaluating the long term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment

consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10 year horizon and may not be useful in setting the long term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KTRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30.0%	8.45%
International Equity	22.0%	8.85%
Emerging Market Equity	5.0%	10.50%
Private Equity	7.0%	11.25%
Real Estate	5.0%	7.00%
Core U.S. Fixed Income	10.0%	5.25%
High Yield Fixed Income	5.0%	7.25%
Non US Fixed Income	5.0%	5.5%
Commodities	5.0%	7.75%
TIPS	5.0%	5.00%
Cash	1.0%	3.25%
	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 1,476,000	\$ 1,122,000	\$ 809,000

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2015 and 2014, the Library had no outstanding payables to CERS.

(5) CONCENTRATION OF CREDIT RISK

The Library maintains cash balances at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2015, additional security was pledged by one financial institution to collateralize deposits in excess of the FDIC insured amount. At June 30, 2015, the carrying amount of the Library's deposits with local banks was \$5,659,250 and the bank balances were \$5,739,816. In addition, the Library had petty cash on hand of \$100. Of the bank balances, \$11,618 was uncollateralized. The Bank balance is categorized as follows:

Amount insured by FDIC	\$ 1,319,652
Additional pledged securities	4,408,546
Uncollateralized	11,618
Total	<u>\$ 5,739,816</u>

(6) COMMITTED ASSETS

Funds classified as *committed* cannot be used for any other purpose unless the Board of Trustees takes the action to remove or change the existing constraint. Certain funds totaling \$1,025,082 represent amounts committed to be held in reserve as the Library strives to maintain at least six months of expenses on hand with an ultimate goal of twelve months. Also, funds totaling \$56,187 represent amounts committed to be used for building improvements and repairs.

(7) RENTALS UNDER OPERATING LEASE

The Library's leasing operations consist of the leasing of space at the Kyova Tri-State Mall under an operating lease. The Library recognizes the expenses related to the obligation as lease payments are made. Total rent expenses under the operating type lease were \$21,375.

The amounts of future minimum rental payments under the current lease (not including renewals) are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2016	\$ 22,125
2017	22,500
2018	22,500
2019	22,500
2020-2021	24,375
	<u>\$ 114,000</u>

(8) NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued GASB No. 68, *Accounting and Financial Reporting for Pensions*, which changes the way pensions are reported on the financial statements of employers. Employers participating in a multiple-employer cost-sharing plan will be required to report net pension liability on the entity-wide statements for their proportionate share of the liability. Libraries will be required to disclose net pension liability for their share of the liability associated with employees participating in County Employees Retirement System (CERS) as well as any district-sponsored pension plans. There will be little to no impact on the cash basis financial statements of the Library. Additional note disclosures and required supplementary information (RSI) also are addressed in the standard. The standard was implemented during fiscal year ending June 30, 2015. Since the Library's financial statements are on the cash basis of accounting, it only affected the footnote disclosure related to the pension plan.

The Governmental Accounting Standards Board (GASB) issued GASB No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Its objective is to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. There will be little to no impact on the cash basis financial statements of the Library. The standard was implemented during fiscal year ending June 30, 2015. Since the Library's financial statements are on the cash basis of accounting, it only affected the footnote disclosure related to the pension plan.

SUPPLEMENTAL INFORMATION

**BOYD COUNTY PUBLIC LIBRARY DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
RECEIPTS			
Boyd County sheriff	\$ 2,679,000	\$ 2,663,487	\$ (15,513)
Boyd County clerk	234,000	276,093	42,093
Kentucky Revenue Cabinet	86,500	102,119	15,619
E-Rate	50,000	52,667	2,667
State aid/grants	27,000	36,863	9,863
Fines	44,000	40,034	(3,966)
Copier & other fees	23,000	17,782	(5,218)
Reimbursements	6,000	2,126	(3,874)
Miscellaneous receipts	1,000	1,761	761
Contributions and gifts	4,000	7,850	3,850
Interest income	19,000	21,855	2,855
Investment income	500	434	(66)
Friends receipts	500	77	(423)
Total receipts	<u>3,174,500</u>	<u>3,223,148</u>	<u>48,648</u>
DISBURSEMENTS			
Salaries and related benefits	1,537,000	1,416,806	120,194
Library materials	786,000	629,709	156,291
Building improvements and repairs	118,000	412,775	(294,775)
Technology	190,000	82,204	107,796
Software/upgrades	26,500	3,116	23,384
Postage	38,000	32,469	5,531
Service contracts	194,000	135,103	58,897
Utilities	180,500	151,284	29,216
Lease expense	18,000	21,375	(3,375)
Office supplies	143,500	112,524	30,976
Equipment purchases	378,500	25,069	353,431
Outside services	35,000	25,738	9,262
Staff education and travel	61,500	31,843	29,657
Insurance	24,000	52,320	(28,320)
Public relations	63,000	59,837	3,163
Programming	35,000	35,138	(138)
Miscellaneous	15,000	27,940	(12,940)
Total disbursements	<u>3,843,500</u>	<u>3,255,250</u>	<u>588,250</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(669,000)	(32,102)	636,898
FUND BALANCE-BEGINNING OF YEAR	<u>669,000</u>	<u>5,635,165</u>	<u>5,635,165</u>
FUND BALANCE-END OF YEAR	<u>\$ -</u>	<u>\$ 5,603,063</u>	<u>\$ 6,272,063</u>



Kelley **G**alloway
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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 Trustees of
Boyd County Public Library District
Ashland, Kentucky

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Boyd County Public Library District (the "Library") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated October 21, 2015, which includes an explanatory paragraph stating that the Library's financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of 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

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.

Kelley Galloway Smith Doolby, PSC

October 21, 2015
Ashland, Kentucky