

**BATH COUNTY MEMORIAL  
LIBRARY DISTRICT  
Owingsville, Kentucky**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS  
and SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Bath County Memorial Library District  
Owingsville, Kentucky

We have audited the accompanying financial statements of the governmental activities of the Bath County Memorial Library District "The Library" as of and for the year ended June 30, 2021, and the related notes to the financial statements, which 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 opinions 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Bath County Memorial Library District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 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.

The budget to actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget to actual is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 06, 2022, on our consideration of the Bath County Memorial Library District'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 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 Bath County Memorial Library District's internal control over financial reporting and compliance.

*Lane & Company LLC*

Mount Sterling, Kentucky

January 06, 2022

This report contains 25 pages.

## BATH COUNTY MEMORIAL LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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*The Bath County Memorial Library District's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2021. Please read this MD&A in conjunction with the Library's Financial Statements, which follow.*

### **Financial Highlights**

- I. The Library saw an increase in net income of nearly \$80,0000 from 2019-2020.*
- II. The community's investment in library services increased to 96% of total funds received.*
- III. The Library continues to spend on improved staff training through continuing education and conference attendance.*
- IV. The Library saw a net decrease in expenses due to covid-19 related closures during the year.*

### **Overview of the Financial Statements**

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Library. The financial statements also include notes that explain in more detail some of the information in the financial statements.

### **Required Financial Statements**

The government-wide financial statements provide both long-term and short-term information about the Library's overall financial status. The fund financial statements focus on the current operational activity of the Library, reporting the Library's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the Library's accountability.

### **Government-Wide Statements**

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position reports information about the Library's activities in a way that will help answer this question. This statement includes all assets and liabilities using the cash basis of accounting.

This statement reports the net position of the Library and the changes over the past year. One can think of the Library's net position – the difference between assets and liabilities – as a way to measure the Library's financial position. Over time, increases or decreases in the Library's net position is one indicator of whether the Library is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation.

The second of the statements is the Balance Sheet Statement. This is the Library-wide statement of position presenting information that includes all of the Library's cash assets and liabilities. Over time, increases of

decreases in assets may serve as a useful indicator of whether the financial position of the Library as a whole is improving or deteriorating. Evaluation of the overall economic health of the Library would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Library infrastructure in addition to the financial information provided in this report.

The last of these statements is the Statement of Cash Flows, which reports how the Library's net assets changed during the current fiscal year. All current year revenues and expenses regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Library's distinct activities or functions on revenues provided by the Library's taxpayers.

Both financial statement distinguishes government activities of the Library that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, capital projects, and debt servicing. The Library does not have Business-type or Fiduciary activities.

The Library's financial reporting includes the funds of the Library (primary government) and organizations for which the Library is accountable (component units). Most of these legally separate organizations operate like Library departments, serve as financing vehicles for Library services (revenue bond issuers), or are governed by a board of trustees wholly comprised the Library's director and board members. The Library does not have any component units at this time.

## **Fund Financial Statements**

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Library's funds. The fund financial statements provide more information about the Library's funds and current year details of operations and not the Library as a whole.

The Library's fund statement encompasses the activity of the general fund. The general fund is the primary and only operating fund of the Library. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year.

## **Financial Analysis of the Library as a Whole**

Below is an analysis of the comparative statement of net position for the years ending June 30, 2020 and 2021:

	30-Jun-21	30-Jun-20	Difference
Total Assets	\$ 1,192,966	\$ 1,095,650	\$ 97,316
Current liabilities	3,220	4,771	(1,551)
Total Equity	1,173,053	1,075,086	97,967
Unrestricted funds	648,734	513,941	134,793

The Library's main source of revenue is community investment through local tax revenue, which is approximately 91% of the Library's total revenue. Other income sources included donations, state aid, and fines and fees. The personnel expense represents 67% of total expenditures. Personnel expenditures increased about 1.4% from the previous year, due in part to increases in health insurance costs.

Below is the Statement of Net Position as of June 30, 2021:

<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$	639,386
Prepaid insurance		9,352
Taxes receivable		19,909
<b>Total Current Assets</b>		668,647
<b>Noncurrent Assets</b>		
Land		59,444
Buildings		900,413
Vehicles		53,416
Library collection		877,170
Furniture & equipment		271,028
Accumulated depreciation		(1,755,953)
Construction in progress		118,801
<b>Total Noncurrent Assets</b>		524,319
<b>Total Assets</b>		<u>\$ 1,192,966</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable		1,365
Accrued compensated absences		1,855
<b>Total Current Liabilities</b>		3,220
<b>Noncurrent Liabilities</b>		
Accrued compensated absences		16,693
<b>Total Liabilities</b>		19,913
<b><u>NET POSITION</u></b>		
Net investment in capital assets		524,319
Unrestricted		648,734
<b>Total Net Position</b>		<u>\$ 1,173,053</u>

Below is the Statement of Activities for fiscal year ending on June 30, 2021.

<b>PROGRAM REVENUES</b>			
Charges for services			\$ 3,141
Total Program Revenues			3,141
<b>EXPENSES</b>			
Accounting & admin			1,694
Administration			4,342
Grant & donation expenses			2,591
Personnel			7,046
Audiovisual materials			2,385
Bookmobile			1,183
Building maintenance			9,199
Capital expense			3,413
Continuing education			4,657
Electronic access			5,750
Furnishings			1,175
Facilities			10,630
Genealogy			1,731
Internet access			4,634
Insurance			7,092
Other miscellaneous			367
Office supplies			9,199
Payroll expenses			224,607
Personnel 2			79,896
Phone			3,450
Public relations			2,541
Materials processing			1,434
Programming			12,609
Property maintenance			1,945
Professional services			16,012
Serial publications			3,116
Technology			5,500
Depreciation			63,839
<b>Total Expenses</b>			492,037
Net Program Income/(Expense)			(488,896)
<b><u>GENERAL REVENUES &amp; (EXPENSES)</u></b>			
Property taxes			522,625
Motor vehicle taxes			44,249
Investment earnings			529
Donations & grants			7,860
Miscellaneous			11,600
<b>Total General Revenues</b>			586,863
<b>Change in Net Position</b>			97,967
Net Position - beginning			1,075,086
Net Position - ending			\$ 1,173,053



Below is a Balance Sheet:

<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$	639,386
Prepaid insurance		9,352
Taxes receivable		19,909
<b>Total Assets</b>	\$	<b>668,647</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$	1,365
Accrued compensated absences		1,855
<b>Total Liabilities</b>		3,220
<b><u>Fund Balance</u></b>		
Unrestricted		665,427
Total Fund Balance		665,427
<b>Total Liabilities and Fund Balance</b>	\$	<b>668,647</b>
Total Governmental Fund Balance		665,427
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(16,693)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		405,518
Accumulated depreciation		118,801
Net Position of Governmental Activities	\$	<b>1,173,053</b>

**Below is a Statement of Revenues, Expenditures & Changes in Fund Balance**

<b><u>REVENUES</u></b>			
<b>Taxes:</b>			
Real property		\$	324,694
Franchise			182,971
Motor vehicles			44,249
Delinquent taxes			9,109
Other tax-telecommunications			5,851
<b>Charges for Services:</b>			
Interest			529
Donations & grants			7,860
Service charges			3,141
Rental income			11,600
<b>Total Revenue Collected</b>			<b>590,004</b>
<b><u>EXPENDITURES</u></b>			
Accounting & admin			1,694
Administration			4,342
Grant & donation expenses			2,591
Personnel			7,046
Audiovisual materials			2,385
Bookmobile			1,183
Building maintenance			9,199
Capital expense			3,413
Continuing education			4,657
Electronic access			5,750
Furnishings			1,175
Facilities			10,630
Genealogy			1,731
Internet access			4,634
Insurance			7,092
Other miscellaneous			367
Office supplies			9,199
Payroll expenses			223,707
Personnel 2			79,896
Phone			3,450
Public relations			2,541
Materials processing			1,434
Programming			12,609
Property maintenance			1,945
Professional services			16,012
Serial publications			3,116
Technology			5,500
Capital outlay - other			9,420
Capital outlay - books			17,593
<b>Total expenditures</b>			<b>454,311</b>
<b>Excess (deficiency) of revenues over expenditures</b>			<b>135,693</b>
<b>Net Change in Fund Balances</b>			<b>135,693</b>
Fund balances - beginning			529,734
Fund balances - ending		\$	665,427

**Capital Asset Activity**

The Library completed evaluations of the current facility during the year, allowing the Library to plan for physical replacement of ageing structural components.

## Budget Highlights

The library operates on a zero balance budget which seeks to present all funds held by the library. The library adopts an annual budget each spring. A preliminary budget is discussed by the Director and Trustees before adopting a final budget. The budget provides framework, in conjunction with the strategic plan, to guide expenditures throughout the year. The budget is amended throughout the year if unusual or unexpected events occur. The Trustees are presented with a current month financial documents, as well as year-to-date statements monthly meetings. The required budget by the Commonwealth of Kentucky is available through the Kentucky Department of Local Government, or through the web at [kydlgweb.ky.gov](http://kydlgweb.ky.gov).

		(Cash Basis)	(Cash Basis)	
		Original & Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes:				
Real property		\$ 275,085	\$ 324,694	\$ 49,609
Franchise		80,000	182,971	102,971
Motor vehicles		17,500	44,249	26,749
Delinquent taxes		7,000	9,109	2,109
Other tax-telecommunications		5,750	5,851	101
Carryforward from previous years		48,265	-	(48,265)
Charges for Services:				
Interest		650	529	(121)
Donations & grants		2,000	7,860	5,860
Service charges		2,400	3,141	741
Rental income		14,700	11,600	(3,100)
E-Rate rebate		10,000	-	(10,000)
Other income		100	-	(100)
<b>Total Revenue Collected</b>		<b>463,450</b>	<b>590,004</b>	<b>126,554</b>
<b>EXPENDITURES</b>				
<b>Staff Expenses:</b>				
Salaries/wages		245,500	223,707	21,793
Workers comp		2,800	1,857	943
Social Security		15,250	14,179	1,071
Medicare		3,600	3,316	284
Health insurance		35,000	52,408	(17,408)
Retirement		7,000	14,314	(7,314)
Aflac		-	868	(868)
Utilities		14,950	10,630	4,320
Phone		2,450	3,450	(1,000)
Internet		8,250	4,634	3,616
Insurance		7,300	7,092	208
<b>Bookmobile:</b>				
Fuel		1,500	638	862
Maintenance		750	365	385
Repairs		2,000	180	1,820
Building maintenance		5,000	4,855	145
Building repair		10,000	4,344	5,656
Furnishings		-	1,175	(1,175)
<b>Custodial:</b>				
Supplies		2,000	374	1,626
Custodial equipment		500	-	500
Waste Removal		400	-	400

Print media		9,750	3,116	6,634
Audio visual		6,000	2,385	3,615
Electronic access		1,750	5,750	(4,000)
Genealogy		1,500	1,731	(231)
Materials processing		7,000	1,434	5,566
<b>Programming:</b>				
Adult programming		2,750	195	2,555
Bookmobile outreach		500	1,945	(1,445)
Childrens programming		750	924	(174)
Family programming		2,000	3,588	(1,588)
Young adult programming		500	-	500
Summer reading		2,000	4,221	(2,221)
Programming - other		250	4,327	(4,077)
Office supplies		8,650	9,199	(549)
Technology		4,250	5,500	(1,250)
Public relations		4,750	2,541	2,209
<b>Professional Services:</b>				
Audit expenditures		4,000	3,500	500
Legal services		500	-	500
Computer services		8,000	12,352	(4,352)
Architectural services (see capital outlay - other)		-	-	-
Professional services - other		-	160	(160)
<b>Accounting and Bookkeeping:</b>				
Payroll processing costs		350	318	32
Accounting software		750	710	40
Scheduling software		700	654	46
Miscellaneous admin		100	12	88
Administration organizational expenditures		500	247	253
Staff & Board Professional Memberships		2,200	4,095	(1,895)
<b>Continuing Education Expenditures:</b>				
Conferences		-	215	(215)
Tuition reimbursement		8,500	4,068	4,432
Property maintenance		5,000	1,945	3,055
Parking contract		500	-	500
Other miscellaneous		-	367	(367)
Capital expense		-	3,413	(3,413)
Capital outlay - other		20,000	9,420	10,580
Capital outlay - books		-	17,593	(17,593)
<b>Total expenditures</b>		<b>467,750</b>	<b>454,311</b>	<b>13,439</b>
<b>Excess (deficiency) of revenues over expenditures</b>		<b>(4,300)</b>	<b>135,693</b>	<b>139,993</b>

### Economic Factors and Next Year's Budget

The library recognizes the local economy as a major factor when creating the annual budget. Property taxes remain the single largest source of revenue for the operation of the library. The library also recognizes the increased demand for library resources and services, the need to adequately fund any endeavors the library pursues and maintaining current operations without unduly affecting the community as a whole. In light of the heightened interest in local, state, and national politics, the library has partnered with several entities such as the Department for Community Based Services, nursing homes, Head Start and local news media organizations to present programs that foster civic engagement and civil discourse, while, at the same time, demonstrating to the fiscal court that the library can have a significant and positive impact upon the community. The 2020-2021 budget continued to reflect the library's commitment to careful spending while maintaining and expanding programs and services that the public has come to expect.

**Covid -19**

The 2020-2021 budget was created under unusual circumstances during the early days of the Covid-19 pandemic. Initial forecasts in the early days of the pandemic suggested that the community could be singularly adversely affected by the loss of revenues caused by lockdowns, and the potential losses of employment that would happen during the year. The 2020-2021 budget reflected the library's commitment to finding a solution to issues that would adversely influence the library's ability to provide updated services and resources to the community. The budget was created prior to congressional actions that financed stimulus money to local residents and local governments.

**Contacting the Library Management**

The financial report is designed to provide the citizens of Bath County with a general overview of the Library's finances and to demonstrate the Library's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Director, Michael Richter or the Treasurer, Sherri Caudill at the Bath County Memorial Library, PO Box 380 West Main St. Owingsville Kentucky 40360.

**BATH COUNTY MEMORIAL LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 639,386
Prepaid insurance	9,352
Taxes receivable	<u>19,909</u>

<b>Total Current Assets</b>	<u>668,647</u>
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**Noncurrent Assets**

Land	59,444
Buildings	900,413
Vehicles	53,416
Library collection	877,170
Furniture & equipment	271,028
Accumulated depreciation	(1,755,953)
Construction in progress	<u>118,801</u>

<b>Total Noncurrent Assets</b>	<u>524,319</u>
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<b>Total Assets</b>	<u><u>\$ 1,192,966</u></u>
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**LIABILITIES**

**Current Liabilities**

Accounts payable	1,365
Accrued compensated absences	<u>1,855</u>

<b>Total Current Liabilities</b>	<u>3,220</u>
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**Noncurrent Liabilities**

Accrued compensated absences	<u>16,693</u>
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<b>Total Liabilities</b>	<u>19,913</u>
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**NET POSITION**

Net investment in capital assets	524,319
Unrestricted	<u>648,734</u>

<b>Total Net Position</b>	<u><u>\$ 1,173,053</u></u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

**Bath County Memorial Library District**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2021**

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**PROGRAM REVENUES**

Charges for services	\$ 3,141
Total Program Revenues	<u>3,141</u>

**EXPENSES**

Accounting & admin	1,694
Administration	4,342
Grant & donation expenses	2,591
Personnel	7,046
Audiovisual materials	2,385
Bookmobile	1,183
Building maintenance	9,199
Capital expense	3,413
Continuing education	4,657
Electronic access	5,750
Furnishings	1,175
Facilities	10,630
Genealogy	1,731
Internet access	4,634
Insurance	7,092
Other miscellaneous	367
Office supplies	9,199
Payroll expenses	224,607
Personnel 2	79,896
Phone	3,450
Public relations	2,541
Materials processing	1,434
Programming	12,609
Property maintenance	1,945
Professional services	16,012
Serial publications	3,116
Technology	5,500
Depreciation	<u>63,839</u>

<b>Total Expenses</b>	<u><b>492,037</b></u>
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Net Program Income/(Expense)	<u>(488,896)</u>
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**GENERAL REVENUES & (EXPENSES)**

Property taxes	522,625
Motor vehicle taxes	44,249
Investment earnings	529
Donations & grants	7,860
Miscellaneous	<u>11,600</u>

<b>Total General Revenues</b>	<u><b>586,863</b></u>
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<b>Change in Net Position</b>	<b>97,967</b>
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Net Position - beginning	<u>1,075,086</u>
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Net Position - ending	<u><u><b>\$ 1,173,053</b></u></u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

**BATH COUNTY MEMORIAL LIBRARY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2021**

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 639,386
Prepaid insurance	9,352
Taxes receivable	<u>19,909</u>

<b>Total Assets</b>	<b><u><u>\$ 668,647</u></u></b>
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**LIABILITIES AND FUND BALANCE**

**Current Liabilities**

Accounts payable	\$ 1,365
Accrued compensated absences	<u>1,855</u>

<b>Total Liabilities</b>	<b><u>3,220</u></b>
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**Fund Balance**

Unrestricted	<u>665,427</u>
Total Fund Balance	<u>665,427</u>

<b>Total Liabilities and Fund Balance</b>	<b><u><u>\$ 668,647</u></u></b>
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Total Governmental Fund Balance	665,427
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Amounts reported for *governmental activities* in the statement

of net position are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(16,693)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	405,518
Accumulated depreciation	<u>118,801</u>

Net Position of Governmental Activities	<b><u><u>\$ 1,173,053</u></u></b>
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The accompanying notes to the basic financial statements are an integral part of these statements.



**BATH COUNTY MEMORIAL LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2021**

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**REVENUES**

**Taxes:**

Real property	\$ 324,694
Franchise	182,971
Motor vehicles	44,249
Delinquent taxes	9,109
Other tax-telecommunications	5,851

**Charges for Services:**

Interest	529
Donations & grants	7,860
Service charges	3,141
Rental income	11,600

<b>Total Revenue Collected</b>	<u>590,004</u>
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**EXPENDITURES**

Accounting & admin	1,694
Administration	4,342
Grant & donation expenses	2,591
Personnel	7,046
Audiovisual materials	2,385
Bookmobile	1,183
Building maintenance	9,199
Capital expense	3,413
Continuing education	4,657
Electronic access	5,750
Furnishings	1,175
Facilities	10,630
Genealogy	1,731
Internet access	4,634
Insurance	7,092
Other miscellaneous	367
Office supplies	9,199
Payroll expenses	223,707
Personnel 2	79,896
Phone	3,450
Public relations	2,541
Materials processing	1,434
Programming	12,609
Property maintenance	1,945
Professional services	16,012
Serial publications	3,116
Technology	5,500
Capital outlay - other	9,420
Capital outlay - books	17,593

<b>Total expenditures</b>	<u>454,311</u>
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<b>Excess (deficiency) of revenues over expenditures</b>	<u>135,693</u>
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The accompanying notes are an integral part of these financial statements.

**BATH COUNTY MEMORIAL LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2021**

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Net Change in Fund Balances	135,693
Fund balances - beginning	<u>529,734</u>
Fund balances - ending	<u><u>\$ 665,427</u></u>

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

**BATH COUNTY MEMORIAL LIBRARY DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenses**  
**and Changes in Fund Balance of Governmental Funds to the**  
**Statement of Activities**  
**For the year ended June 30, 2021**

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Net change in fund balance - governmental funds	\$ 135,693
add: capital outlay expenditures	27,013
less: change in long-term accrued compensated absences	(900)
less: depreciation on governmental activities assets	<u>(63,839)</u>
Change in net position governmental activities	<u><u>\$ 97,967</u></u>

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

BATH COUNTY MEMORIAL LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

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Note 1 General Statement and Summary of Significant Accounting Policies

General Statement

The Bath County Memorial Library District ("the Library") was established pursuant to the provisions of Kentucky Revised Statutes Chapter 173, to serve all areas of Bath County through its library and bookmobile services. The Library was founded in 1949 by the Owingsville Women's Club and opened in January 1950. In 1953 it expanded to include bookmobile service, and in 1963 it moved into the old Farmer's Bank building at 24 West Main Street.

The Library is designated a Special Taxing District by the Commonwealth of Kentucky and derives its revenues from locally assessed taxes and from State aid and grant funds.

Due to its type of organization, the Library is exempt from federal and state income taxes.

The Library Board of Trustees is comprised of five members who are residents of Bath County. The County Judge Executive appoints the Trustee for four-year terms. Annually, the Library is required to prepare a report of its financial and service activities, and submit the report to the State Department of Libraries and Archives and the County Fiscal Court.

Summary of Significant Accounting Policies

Government-wide Financial Statements

The government-wide financial statements include a statement of net assets and the statement of activities. These statements display information about the Library as a whole. The statements distinguish between governmental and business-type activities, which rely on fees and charges for support. The government-wide statement of activities reflects costs of government by function for governmental activities and business-type activities. Program revenues include charges paid by recipient for the goods or services offered by the program and grants or contributions that are restricted by the program. Revenues which are not classified as program revenues are presented as general revenues of the Library.

Fund Financial Statements

Fund financial statements report detailed information about the Library. The accounts of the Library are organized on the basis of funds each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses.

Governmental Funds are those through which most governmental functions are detailed. The governmental fund measurement focus is upon determination of financial position and budgetary control over revenues and expenditures. Proprietary Fund Types are used to account for operations that are financed and operated in a manner similar to business enterprises-where intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

The following fund is used by the Bath County Memorial Library District:

Governmental Fund Types

General Fund – The general operating fund of the Library is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Library as a whole. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds.

## Fund Financial Statements

The financial transactions of the Library are recorded in individual funds. Their focus is on individual funds rather reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used 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. Expenses, other than interest on long-term debt, are recorded when the liability is incurred.

Investment earnings are recorded when earned since they are measurable and available in all funds.

## Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the Library. This budget is adopted on the cash basis. Unused appropriations lapse at the end of the year.

## Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Reporting Entity

The Library's functions include library and bookmobile services for areas of Bath County. As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and results of operations of the Bath County Memorial Library District, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups and programs which are controlled by the entity's governing body.

## Investments

Investments are carried at the lower of cost or fair market value.

## State Grants

Appropriated state funds are allocated to state agencies then reallocated to local units of government.

## Capital Assets

In the governmental activities statements, capital assets are capitalized at the time of purchase. Such assets are recorded at cost. Depreciation is calculated on the straight-line method based on the estimated useful lives as follows:

<u>Description</u>	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
Buildings	45-60 years	\$25,000
Building/land improvements	10-60 years	\$25,000
Furniture	10 years	\$2,500
Computer hardware	5 years	\$2,500
Office equipment	5 years	\$2,500
Other equipment	5 years	\$2,500
Vehicles (15% salvage)	3-15 years	\$5,000
Books and materials	5-10 years	No minimum

## Property Taxes

The tax on real and personal property levied by the Library is calculated, billed, and collected by the County Sheriff. Property taxes attach as an enforceable lien as of January. Taxes are levied on October 1 and are due and payable on or before November 1. All unpaid taxes become delinquent December 31. Fees thus collected are remitted to the Library monthly. The tax on motor vehicles is collected by the County Clerk and remitted monthly. Delinquent motor vehicles taxes are remitted by the state quarterly as collected.

## Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payable and current liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments,

the noncurrent portion of capital leases, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

#### Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by external restrictions.

#### Note 2 - Cash

The Library considers all highly liquid investments with a maturity date of twelve months or less from date of purchase to be cash equivalents. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents. At June 30, 2021, the carrying amount of the Library's deposits was \$639,386 and the bank balance was \$653,193. Of the bank balance 100% was covered by federal deposit insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

#### Note 3 - Capital Assets

	Balance, 7/1/2020	Transfers/ Additions	Disposals	Balance, 6/30/2021
<b>Governmental Activities</b>				
<i>Depreciable Capital Assets:</i>				
Buildings	\$ 899,345	\$ 1,068	\$ -	\$ 900,413
Vehicles	53,416	-	-	53,416
Library collection	859,576	17,594		877,170
Equipment & technology	271,028	-	-	271,028
Total Depreciable Capital Assets	2,083,365	18,662	-	2,102,027
<i>Less Accumulated Depreciation:</i>				
Buildings	682,445	33,121	-	715,566
Vehicles	45,405	-	-	45,405
Library collection	696,717	29,113		725,830
Equipment & technology	267,547	1,605	-	269,152
Total Accumulated Depreciation	1,692,114	63,839	-	1,755,953
Total Depreciable Capital Assets, Net	391,251	(45,177)	-	346,074
<i>Non-Depreciable Capital Assets:</i>				
Construction in process	110,449	8,352	-	118,801
Land	59,444	-	-	59,444
Total Non-Depreciable Assets	169,893	8,352	-	178,245
Total Capital Assets, Net	\$ 561,144			\$ 524,319

#### Note 4 - Contingencies

The Library is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Library in the current and prior years. There were no examinations for the year ended June 30, 2021. Areas of noncompliance, if any, as a result of examinations would be included as a part of the "Findings and Questioned Costs" section of this report.

Note 5 - Risk Management

The Library is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance coverage for the risks to the extent deemed prudent by Library management.

Note 6 – Subsequent Events

The Library has evaluated subsequent events through January 06, 2022, and that is the date that the financial statements were available to be issued.

Note 7 – New Library Property

In August 2017, the Library purchased 17 acres of property between Water Street and Denton Drive. The plan is to create a new library space with new amenities for the whole community. For additional information, visit [www.BathLibrary.org](http://www.BathLibrary.org).

Note 8 - Agreement

*Sharpsburg Community Center* – The Bath County Memorial Library “Library” entered into an agreement with the City of Sharpsburg “City” to occupy the area designated for library use in the Sharpsburg Community Center. The City agrees to allow the Library access to the gymnasium, kitchen and classroom areas of the Community Center for library programs as long as these areas of the Community Center have not been previously scheduled for use by other parties. The Library agrees to be responsible to the City for the use and care of the facilities. The Library agrees to insure the City against all liability claims for no less than \$1,000,000. The City shall be named as loss payee on the policy. The initial term of this agreement began on June 02, 2014 and ended June 01, 2015. This agreement automatically renews every year. Should one party desire to terminate the agreement, it shall give the other party three months’ notice in writing. Additional details are available by contacting the Bath County Memorial Library.

Note 9 – Accrued Compensated Absences

Full-time employees will receive paid time off (PTO) based on their time of service:

<u>Years of Service</u>	<u>Paid Time Off Annually</u>
0-3	112.5 Hours (15 days)
4-10	157.5 hours (21 days)
11-24	202.5 hours (27 days)
25 and over	225 hours (30 days)

Part-time employees may accrue 37.5 hours of paid time off annually. PTO is awarded on a fiscal year basis. Employees may accumulate a total of 525 hours (70 days).

<u>Accrued Compensated Absences</u>	
Current	\$ 1,855
Noncurrent	<u>16,693</u>
Total	\$18,548

REQUIRED SUPPLEMENTARY INFORMATION



**BATH COUNTY MEMORIAL LIBRARY DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Governmental Fund**  
**Budget and Actual**  
**For the year ended June 30, 2021**

	(Cash Basis)	(Cash Basis)	Variance
	Original & Final Budget	Actual	Favorable (Unfavorable)
<b><u>REVENUES</u></b>			
Taxes:			
Real property	\$ 275,085	\$ 324,694	\$ 49,609
Franchise	80,000	182,971	102,971
Motor vehicles	17,500	44,249	26,749
Delinquent taxes	7,000	9,109	2,109
Other tax-telecommunications	5,750	5,851	101
Carryforward from previous years	48,265	-	(48,265)
Charges for Services:			
Interest	650	529	(121)
Donations & grants	2,000	7,860	5,860
Service charges	2,400	3,141	741
Rental income	14,700	11,600	(3,100)
E-Rate rebate	10,000	-	(10,000)
Other income	100	-	(100)
<b>Total Revenue Collected</b>	<b>463,450</b>	<b>590,004</b>	<b>126,554</b>
<b><u>EXPENDITURES</u></b>			
<b>Staff Expenses:</b>			
Salaries/wages	245,500	223,707	21,793
Workers comp	2,800	1,857	943
Social Security	15,250	14,179	1,071
Medicare	3,600	3,316	284
Health insurance	35,000	52,408	(17,408)
Retirement	7,000	14,314	(7,314)
Aflac	-	868	(868)
Utilities	14,950	10,630	4,320
Phone	2,450	3,450	(1,000)
Internet	8,250	4,634	3,616
Insurance	7,300	7,092	208
<b>Bookmobile:</b>			
Fuel	1,500	638	862
Maintenance	750	365	385
Repairs	2,000	180	1,820
Building maintenance	5,000	4,855	145
Building repair	10,000	4,344	5,656
Furnishings	-	1,175	(1,175)
<b>Custodial:</b>			
Supplies	2,000	374	1,626
Custodial equipment	500	-	500
Waste Removal	400	-	400
Print media	9,750	3,116	6,634
Audio visual	6,000	2,385	3,615
Electronic access	1,750	5,750	(4,000)
Genealogy	1,500	1,731	(231)

**BATH COUNTY MEMORIAL LIBRARY DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Governmental Fund**  
**Budget and Actual**  
**For the year ended June 30, 2021**

	(Cash Basis)	(Cash Basis)	Variance
	Original & Final Budget	Actual	Favorable (Unfavorable)
Materials processing	7,000	1,434	5,566
<b>Programming:</b>			
Adult programming	2,750	195	2,555
Bookmobile outreach	500	1,945	(1,445)
Childrens programming	750	924	(174)
Family programming	2,000	3,588	(1,588)
Young adult programming	500	-	500
Summer reading	2,000	4,221	(2,221)
Programming - other	250	4,327	(4,077)
Office supplies	8,650	9,199	(549)
Technology	4,250	5,500	(1,250)
Public relations	4,750	2,541	2,209
<b>Professional Services:</b>			
Audit expenditures	4,000	3,500	500
Legal services	500	-	500
Computer services	8,000	12,352	(4,352)
Architectural services (see capital outlay - other)	-	-	-
Professional services - other	-	160	(160)
<b>Accounting and Bookkeeping:</b>			
Payroll processing costs	350	318	32
Accounting software	750	710	40
Scheduling software	700	654	46
Miscellaneous admin	100	12	88
Administration organizational expenditures	500	247	253
Staff & Board Professional Memberships	2,200	4,095	(1,895)
<b>Continuing Education Expenditures:</b>			
Conferences	-	215	(215)
Tuition reimbursement	8,500	4,068	4,432
Property maintenance	5,000	1,945	3,055
Parking contract	500	-	500
Other miscellaneous	-	367	(367)
Capital expense	-	3,413	(3,413)
Capital outlay - other	20,000	9,420	10,580
Capital outlay - books	-	17,593	(17,593)
<b>Total expenditures</b>	<b>467,750</b>	<b>454,311</b>	<b>13,439</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,300)</b>	<b>135,693</b>	<b>139,993</b>

## SUPPLEMENTARY INFORMATION



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American Institute of CPAs  
Kentucky Society of CPAs

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 Members  
Bath County Memorial Library District  
Owingsville, 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 of the Bath County Memorial Library District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Bath County Memorial Library District's basic financial statements, and have issued our report thereon dated January 06, 2022.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Paris – Bourbon County Public Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bath County Memorial Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bath County Memorial Library District'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 Bath County Memorial Library District'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 financial statements. 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.

*Lane & Company LLC*

Mount Sterling, Kentucky

January 06, 2022