

LAWRENCE COUNTY PUBLIC LIBRARY

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Lawrence County Public Library
Louisa, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified-cash basis financial statements of the governmental activities and each major fund of Lawrence County Public Library (the "Library") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Library, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note (1).

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note (1), and for determining that the modified 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 fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 – modified cash basis, board of trustees and administrative personnel schedule, and the insurance schedule on pages 16 through 18 are presented for purposes of additional analysis and are 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. Such information 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 supplementary information 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 November 22, 2023, on our consideration of the 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 solely 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 effectiveness of the Library's 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 Gallaway Smith Gooldy, PSC

Ashland, Kentucky
November 22, 2023

LAWRENCE COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,337,420
Time deposits held to maturity, cost approximates fair value	<u>912,604</u>
Total current assets	<u>2,250,024</u>
Non-Current Assets:	
Capital assets, not being depreciated	163,612
Capital assets, net of accumulated depreciation	<u>7,127,963</u>
Total non-current Assets	<u>7,291,575</u>
TOTAL ASSETS	<u>9,541,599</u>
LIABILITIES	
Current Liabilities:	
Accrued payroll taxes	<u>4,005</u>
Total current liabilities	<u>4,005</u>
TOTAL LIABILITIES	<u>4,005</u>
NET POSITION	
Net investment in capital assets	7,291,575
Unrestricted	<u>2,246,019</u>
TOTAL NET POSITION	<u>\$ 9,537,594</u>

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

**LAWRENCE COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Library	\$ 1,090,647	\$ 6,817	\$ 39,709	\$ -	\$ (1,044,121)
Debt Service - Interest	-	-	-	-	-
Total Governmental Activities	\$ 1,090,647	\$ 6,817	\$ 39,709	\$ -	\$ (1,044,121)
General Revenue -					
Tax Revenue:					
Property Tax					635,430
Motor Vehicle Tax					43,999
Delinquent Tax					50,257
Unmined Mineral Tax					831
Franchise Tax					313,956
Telecommunications Tax					5,762
Miscellaneous Income					13,571
Interest Income					14,250
Total General Revenue					1,078,056
CHANGE IN NET POSITION					33,935
NET POSITION-BEGINNING OF YEAR					9,503,659
NET POSITION-END OF YEAR					\$ 9,537,594

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

**LAWRENCE COUNTY PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET - MODIFIED CASH BASIS
JUNE 30, 2023**

	<u>General Fund</u>
ASSETS	
Cash on hand	\$ 100
Cash in bank - checking	1,272,717
Cash in bank - savings	64,603
Time deposits	<u>912,604</u>
TOTAL ASSETS	<u><u>\$ 2,250,024</u></u>
LIABILITIES	
Accrued state payroll taxes	\$ 4,005
Total liabilities	<u>4,005</u>
FUND BALANCES	
Unassigned	<u>2,246,019</u>
Total fund balances	<u>2,246,019</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,250,024</u></u>

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

**LAWRENCE COUNTY PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023**

Total governmental fund balance	\$ 2,246,019
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>7,291,575</u>
Net Position, end of year - Governmental Activities	<u><u>\$ 9,537,594</u></u>

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

LAWRENCE COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
REVENUES	
Taxes	\$ 1,050,235
Grants	39,709
Interest income	14,250
Other revenues	20,388
Total revenues	1,124,582
EXPENDITURES	
Salaries and wages	284,021
Payroll taxes	22,018
Employee benefits	50,003
Cleaning and maintenance	47,221
Legal and professional	12,611
Newspapers, magazines, etc.	6,946
Repairs	41,492
Utilities and telephone	46,528
Outreach expenses	2,052
Insurance	31,736
Supplies	42,670
Postage and box rent	1,103
Service contracts	33,694
Software	47,892
Dues and subscriptions	1,783
Reading programs	130,725
Miscellaneous expense	13,202
Capital outlay	41,683
Total expenditures	857,380
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	267,202
FUND BALANCE-BEGINNING OF YEAR	1,978,817
FUND BALANCE-END OF YEAR	\$ 2,246,019

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

**LAWRENCE COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT
OF ACTIVITIES - MODIFIED CASH BASIS
JUNE 30, 2023**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ 267,202

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities - modified cash basis, these costs are allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(309,930)
Capital outlay	<u>76,663</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 33,935

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

**LAWRENCE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(1) NATURE OF ORGANIZATION

The Lawrence County Public Library (the “Library”) was organized September 3, 1954 in accordance with section 173.720 of the Kentucky Revised Statutes (KRS). The Library provides library services to the citizens of Lawrence County, Kentucky and surrounding areas. The Library’s major sources of funding are 13.10 cents per hundred assessed valuation of real property, 13.10 cents per hundred assessed valuation of personal property, and 2.79 cents per hundred assessed valuation of motor vehicles property tax rates levied on property in Lawrence County, Kentucky.

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

Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. It is the Lawrence County Public Library’s policy to prepare its financial statements on the modified cash basis which is a comprehensive basis of accounting that differs from generally accepted accounting principles in the United States of America. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

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 – modified cash basis and a statement of activities – modified 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 one major fund, the General Fund.

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

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 modified 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 – Modified Cash Basis and the Statement of Activities – Modified 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 modified cash 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.

Cash and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

Kentucky Revised Statute 66.480 authorizes the Library to invest in U.S. Treasury obligations, U.S. Agency obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposit, savings and loan deposits, Commonwealth of Kentucky investment pool and the Kentucky League of Cities investment pool.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$1,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Buildings and improvements	10-40
Furniture and equipment	3-10
Vehicles	5
Books	8

Restricted Assets

Assets are reported as restricted when limitation on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Fund Balances

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by the Library itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Library takes the action to remove or change the constraint;
- Assigned fund balance - amounts the Library intends to use for a specific purpose (such as encumbrances); intent can be expressed by the Library or by an official or body to which the Library delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When committed, assigned, and unassigned resources are available for use, it is the Library's policy to use committed and assigned resources first, then unassigned resources as they are needed.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position reported as unrestricted is the net position that does not meet the definition of "net investments in capital assets" or "restricted net position".

The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Bond Discounts

Bond discounts are being amortized over the life of the bonds using the effective interest method.

Accrued Liabilities

All accrued liabilities related to payroll are reported in the government-wide financial statements.

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.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the recorded amounts of assets at the date of the financial statements and the reported expenditures during the reporting period. Actual results could differ from estimated amounts.

(2) COMPENSATED ABSENCES

Employees are granted vacation benefits in varying amounts depending on tenure with the Library. Sick leave accumulates on the same basis as annual leave but may not be taken until after six months of employment. Sick leave may accumulate up to 40 days.

Since the Library prepares its financial statements on the modified cash basis, as described in Note (1), no liability or expense for the estimated current portion of the unpaid compensated absences has been recorded.

(3) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets, Not Depreciated:				
Land	\$ 163,612	\$ -	\$ -	\$ 163,612
Construction in progress	-	-	-	-
Total Capital Assets, Not Depreciated	<u>163,612</u>	<u>-</u>	<u>-</u>	<u>163,612</u>
Capital Assets, Depreciated:				
Buildings and improvements	8,424,663	-	-	8,424,663
Land improvements	31,278	-	-	31,278
Books	707,291	41,683	-	748,974
Vehicles	50,738	-	-	50,738
Furniture and equipment	637,269	34,980	-	672,249
Total	<u>9,851,239</u>	<u>76,663</u>	<u>-</u>	<u>9,927,902</u>
Less: accumulated depreciation				
Buildings and improvements	1,512,073	216,315	-	1,728,388
Land improvements	18,170	2,085	-	20,255
Books	573,765	32,153	-	605,918
Vehicles	45,664	10,148	-	55,812
Furniture and equipment	340,337	49,229	-	389,566
Total accumulated depreciation	<u>2,490,009</u>	<u>309,930</u>	<u>-</u>	<u>2,799,939</u>
Total Capital Assets, Depreciated - Net	<u>7,361,230</u>	<u>(233,267)</u>	<u>-</u>	<u>7,127,963</u>
Governmental Activities Capital Assets - Net	<u>\$ 7,524,842</u>	<u>\$ (233,267)</u>	<u>\$ -</u>	<u>\$ 7,291,575</u>

Depreciation expense for governmental activities totaled \$309,930 for 2023.

(4) DEBT

General Obligation Refunding Bond Series 2021

On May 23, 2022 the Library defeased the outstanding general obligation bonds by placing cash of \$1,238,166 in a trust account with U.S. Bank, the escrow agent for the defeasance, to invest in 2.2830% U.S. Treasury bonds. The bonds have been irrevocably pledged to the payment of the outstanding bonds. The escrow agent has not been authorized to substitute assets that are not essentially risk-free in the trust portfolio. Principal and interest from the bonds have been deemed sufficient to retire the principal and interest on the \$1,227,000 outstanding balance of the 2021 General Obligation Refunding. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, \$1,060,000 of bonds remained outstanding and are considered defeased.

(5) RETIREMENT PLAN

The Library participates in defined contribution plans for its full time employees, with the employee contributions being administered by the Kentucky Employees' Deferred Compensation Authority, and the Library's matching contributions being administered by Nationwide Retirement Solutions.

Benefit terms, including contribution requirements, are established and may be amended by the Library's Board of Trustees. For each employee in the pension plan, the Library is required to contribute 100% of participant's salary deferral contributions for each plan year, with a cap of 6% of salary deferral contributions. Employees are immediately 100% invested in their own and the Library's contributions and earnings. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2023, the Library recognized contribution expense of \$13,646.

(6) 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, 2023, additional security was pledged by the financial institutions to collateralize deposits in excess of the FDIC insured amount. At June 30, 2023, the carrying amount of the Library's deposits with local banks was \$2,250,024 and the bank balances were \$2,291,852. Of the bank balances, none was uncollateralized. The bank balance is categorized as follows:

Amount insured by FDIC	\$ 842,668
Additional pledged securities	1,449,184
Uncollateralized	-
Total	<u>\$ 2,291,852</u>

(7) RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Library carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

(8) CONTINGENCIES

The Library receives funding from State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the Library for its disbursements. Continuation of the Library's grant programs is predicated upon the granters' satisfaction that the funds provided is being spent as intended and the grantors' intent to continue their programs.

SUPPLEMENTAL INFORMATION

**LAWRENCE COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,035,500	\$ 1,035,500	\$ 1,050,235	\$ 14,735
Grants	-	-	39,709	39,709
Interest income	10,000	10,000	14,250	4,250
Other revenue	10,050	10,050	20,388	10,338
Total revenues	<u>1,055,550</u>	<u>1,055,550</u>	<u>1,124,582</u>	<u>69,032</u>
EXPENDITURES				
Salaries and wages	365,000	365,000	284,021	80,979
Payroll taxes	22,000	22,000	22,018	(18)
Employee benefits	55,000	55,000	50,003	4,997
Cleaning and maintenance	50,000	50,000	47,221	2,779
Legal and professional	14,000	14,000	12,611	1,389
Newspapers, magazines, etc.	19,500	19,500	6,946	12,554
Repairs	21,000	21,000	41,492	(20,492)
Utilities and telephone	53,400	53,400	46,528	6,872
Outreach expenses	7,000	7,000	2,052	4,948
Insurance	25,500	25,500	31,736	(6,236)
Supplies	99,000	99,000	42,670	56,330
Postage and box rent	1,700	1,700	1,103	597
Service contracts	50,250	50,250	33,694	16,556
Software	45,000	45,000	47,892	(2,892)
Travel	3,000	3,000	-	3,000
Dues and subscriptions	3,000	3,000	1,783	1,217
Reading programs	120,000	120,000	130,725	(10,725)
Miscellaneous expense	33,500	33,500	13,202	20,298
Capital outlay	50,000	50,000	41,683	8,317
Total expenditures	<u>1,037,850</u>	<u>1,037,850</u>	<u>857,380</u>	<u>180,470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,700	17,700	267,202	249,502
FUND BALANCE-BEGINNING OF YEAR	<u>1,978,817</u>	<u>1,978,817</u>	<u>1,978,817</u>	<u>-</u>
FUND BALANCE-END OF YEAR	<u>\$ 1,996,517</u>	<u>\$ 1,996,517</u>	<u>\$ 2,246,019</u>	<u>\$ 249,502</u>

**LAWRENCE COUNTY PUBLIC LIBRARY
BOARD OF TRUSTEES AND
ADMINISTRATIVE PERSONNEL SCHEDULE
JUNE 30, 2023**

BOARD OF TRUSTEES

<u>Name</u>
Kim Burchett
John Osborn
Marc Lester
Scott Osborn
Susie Chambers

ADMINISTRATIVE PERSONNEL

<u>Name</u>	<u>Title</u>
Carlie Pelfrey	Director

**LAWRENCE COUNTY PUBLIC LIBRARY
INSURANCE SCHEDULE
JUNE 30, 2023**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Policy Expiration</u>
The Hartford	Property, Liability, and Auto	12/31/23
Accident Fund National Insurance Company	Workers Compensation	01/22/24
AXA XL Claims	Public Officials Liability	12/31/23
Western Surety Company	Fidelity Bond	07/31/24



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
Lawrence County Public Library
Louisa, 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 Lawrence County Public Library (the “Library”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library’s basic financial statements, and have issued our report thereon dated November 22, 2023, which includes an explanatory paragraph stating that the Library’s financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness (see 2023-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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*.

Library's Response to Findings

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings and costs. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Ashland, Kentucky
November 22, 2023

LAWRENCE COUNTY PUBLIC LIBRARY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

(A) SUMMARY OF AUDIT RESULTS

- The auditor's report expresses an unmodified opinion on the financial statements of Lawrence County Public Library.
- A material weakness relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of Lawrence County Public Library were disclosed during the audit.

(B) FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

SEGREGATION OF DUTIES (Finding 2023-001)

Condition: Due to the limited number of employees, an adequate segregation of duties has not been established. Specifically, the Director has duties relating to cash receipts, cash disbursements, payroll, and all other accounting and recording activities.

Criteria: Effective internal controls would dictate that many of these functions be separated in order to adequately protect the Library's assets.

Effect: An improper segregation of duties can subject the Library to intentional or unintentional losses due to errors or irregularities.

Recommendation: The Library should continue to review the internal control structure and segregate duties wherever possible.

Management's Response and Corrective Action: Management of the Library concurs with the finding and will continue strong oversight.