

**REPORT OF THE AUDIT OF THE  
GREEN COUNTY  
PUBLIC LIBRARY**

**For The Fiscal Year Ended  
June 30, 2016**

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Director and Members of the Board  
Green County Public Library  
Greensburg, Kentucky

**INDEPENDENT AUDITOR'S REPORT**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green County Public Library, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Green County Public 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Green County Public Library , as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows 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 and budgetary comparison information on pages 3-4 and 16 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Green County Public Library's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis budgetary comparison information, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016 on our consideration of Green County Public Library 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Green County Public Library 's internal control over financial reporting and compliance.

Respectfully submitted,



Ross and Company, PLLC

July 29, 2016

**Green County Public Library  
Greensburg, Kentucky  
Management's Discussion and Analysis (MD & A)  
Fiscal Year Ended June 2016**

As management of the Green County Public Library (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements.** The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of activities presents information showing how the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues along with charges for services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 5 and 6.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All activities of the District are included in the governmental funds.

The basic governmental fund financial statement can be found on pages 7 and 9.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

The notes to the financial statement can be found on pages 11 through 15.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$220,190 as of June 30, 2016.

A portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District used these capital assets to provide services to its district; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition of capital assets, and the depreciation of capital assets.

**Net Assets for the period ending June 30, 2016**

<b>ASSETS</b>	<u><b>2016</b></u>
Total current assets	\$ 243,285
Total non-current assets	<u>8,213</u>
Total assets	<u><u>251,498</u></u>
<b>LIABILITIES</b>	
Total liabilities	<u>31,308</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,213
Unrestricted	<u>211,977</u>
Total net assets	220,190
Total liabilities and net assets	<u><u>251,498</u></u>

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2016, were \$392,671.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual revenues being \$ 125,186 more than budgeted by 25.44% favorable percentage points.
- General fund budget expenditures to actual varied from line item to line item with the ending actual expenditures being \$21,758 less than budget by 4.42% favorable percentage points.

Questions regarding this report should be directed to **Shelley Pruitt, Director** at (270)932-7081 or by mail at 112 W Court Street, Greensburg, KY 42743.

**GREEN COUNTY PUBLIC LIBRARY  
STATEMENT OF NET ASSETS**

**June 30, 2016**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 237,482
Prepaid Expenses	6,250
<b>Total current assets</b>	<u>243,732</u>
 <b>Non-current Assets</b>	
Furniture and equipment	121,100
Less: Accumulated depreciation	<u>(112,887)</u>
<b>Total non-current assets</b>	8,213
<b>Total assets</b>	<u><u>\$ 251,945</u></u>
 <b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 10,471
Payroll liabilities	<u>5,820</u>
<b>Total current liabilities</b>	16,291
 <b>Non-current Liabilities</b>	
Compensated Absences	<u>15,017</u>
<b>Total liabilities</b>	<u>31,308</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,213
Unrestricted	<u>212,424</u>
<b>Total net assets</b>	<u>220,637</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 251,945</u></u>

See independent auditor's report and accompanying notes to the basic financial statements.

**GREEN COUNTY PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2016

<b>FUNCTIONS/PROGRAMS</b>	<u><b>Program Revenues</b></u>			<b>Total</b>
	<u><b>Expenses</b></u>	<u><b>Operating Grants and Contributions</b></u>	<u><b>Governmental Activities</b></u>	
<b>Governmental Activities</b>				
General Government	\$ 392,416	\$ 16,315	\$ (376,101)	\$ (376,101)
<b>Total governmental activities</b>	<u>392,416</u>	<u>16,315</u>	<u>(376,101)</u>	<u>(376,101)</u>
<b>Total taxing district</b>	<u>\$ 392,416</u>	<u>\$ 16,315</u>	<u>\$ (376,101)</u>	<u>\$ (376,101)</u>

**General Revenues**

Property taxes	\$ 265,221	\$ 265,221
Delinquent property tax	7,536	7,536
Motor vehicle taxes	11,382	11,382
Other taxes	80,432	80,432
Other income	11,584	11,584
Investment earnings	201	201
<b>Total general revenues</b>	<u>376,356</u>	<u>376,356</u>
Change in net assets	255	255
Net assets - beginning	251,690	251,690
Net assets - ending	<u>\$ 251,945</u>	<u>\$ 251,945</u>

See independent auditor's report and accompanying notes to the basic financial statements.



**GREEN COUNTY PUBLIC LIBRARY  
BALANCE SHEET**

June 30, 2016

**ASSETS**

Cash and cash equivalents	\$ 237,482
Prepaid Expense	6,250
<b>Total assets</b>	<u><u>\$ 243,732</u></u>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable	\$ 10,471
Payroll liabilities	5,820
<b>Total liabilities</b>	<u>16,291</u>

**Total Unassigned Fund Balance** 227,441

**Total liabilities and fund balance** \$ 243,732

See independent auditor's report and accompanying notes to the basic financial statements.

**GREEN COUNTY PUBLIC LIBRARY  
RECONCILIATION OF GOVERNMENTAL FUNDS -  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

For The Year Ended June 30, 2016

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

Total Fund Balance-Governmental Funds		\$ 227,441
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental:		
Cost of capital	\$ 121,100	
Accumulated depreciation	<u>(112,887)</u>	8,213
Total Net Assets-Governmental Funds		<u>\$ 220,637</u>

See independent auditor's report and accompanying notes to the basic financial statements.

**GREEN COUNTY PUBLIC LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the year ended June 30, 2016

**Revenues**

Desk Receipts	\$	3,393
Property taxes		265,221
Motor vehicle taxes		11,382
Delinquent Taxes		7,536
Other Taxes		80,432
Grants		16,315
Donations		754
Earnings on investments		201
Other Income		7,437
<b>Total revenues</b>	<b>\$</b>	<b><u>392,671</u></b>

**Expenditures**

Administration	\$	13,750
Capital Outlay		18,329
Contracted Services		6,461
Material & Supplies		99,533
Other Operating Expenses		10,574
Personnel		205,657
Programs		35,441
<b>Total expenditures</b>	<b>\$</b>	<b><u>389,745</u></b>

<b>Excess (deficit) of revenues over expenditures and net change in fund balance</b>		2,926
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<b>Fund balance, July 1, 2015</b>		224,515
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<b>Fund balance, June 30, 2016</b>	<b>\$</b>	<b><u><u>227,441</u></u></b>
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See independent auditor's report and accompanying notes to the basic financial statements.

**GREEN COUNTY PUBLIC LIBRARY  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2016

Total net change in fund balances- governmental funds	\$	2,926
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.

1,008

Change in Net Assets - Governmental Fund

\$ 255

See independent auditor's report and accompanying notes to the basic financial statements.

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

June 30, 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Green County Public Library Taxing District Board has financial accountability related to the Green County Public Library.

**Basis of Presentation**

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The District-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Measurement Focus**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds that are presented in the fund financial statements use the modified accrual basis of accounting.

Exchange and Non-exchange transactions – There are two types of transactions: exchange and non-exchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both 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 the District, “available” means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

**Cash and Cash Equivalents**

The Taxing District maintains and controls five cash accounts and one savings account as follows:

District	\$ 71,242
HRA	1,058
Outreach	634
Children’s	2,570
Checking	81,091
Savings	80,290
Total	<u>\$ 236,885</u>

The Taxing District maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480 (1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times.

In order to be valid against the FDIC in the event of failure of insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the District and the

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents (continued)**

depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes or the board or committee, and (C) an official record of the deposit institution. These requirements were met, and for the year ended June 30, 2016, the District's deposits were collateralized.

Kentucky Revised Statutes (KRS) authorizes taxing districts to invest in obligations of the United States of America and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge security obligations of the United States of America government or its agencies.

**Budget**

The District is required by state law to adopt a budget annually. The budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). Once the District approves the budget, it can be amended. Budget appropriations lapse at year-end.

**Fund Balance**

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purpose for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed, and restricted when an expenditures is incurred for purpose for which amounts in any of those unrestricted fund balance classifications could be used.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. PROPERTY TAXES**

Property taxes for fiscal year 2016 were levied on the assessed valuation of property located in Green County as of the preceding January 1, the lien date. Property taxes are collected by the Green County Sheriff and are due according to the property tax calendar of the Green County Sheriff's Office.

Vehicle taxes are collected by the County Clerk of Green County and are due and collected in the birth month of the licensee.

The Green County Public Library established the 2016 tax rate at 8.3 cents per \$100 of assessed valuation on a real property and 17. per \$100 of assessed valuation on all tangible property.

**NOTE 3. CAPITAL ASSETS**

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500 or more, including all workstations, and has a useful life of more than one year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Life in Years</u>
Technology Equipment	3
Furniture and Equipment	7

<b>Government Assets</b>	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
<b>Cost</b>				
Equipment	\$ 130,192	5,552	\$ (14,644)	\$ 121,100
<b>Less: Accumulated Depreciation</b>	(122,987)	(4,544)	14,644	(112,887)
<b>Net Government Assets</b>	<u>\$ 1,260</u>	<u>\$ 1,008</u>	<u>\$ -</u>	<u>\$ 8,213</u>



**NOTE 7. COMMITMENTS AND CONTINGENCIES**

Litigation

The District is not currently named as defendants in any lawsuits to the knowledge of the Taxing District and the District's attorney.

**NOTE 8. RELATED PARTIES TRANSACTIONS**

In a governmental entity related parties include board members, administrative officials, immediate family members of the preceding individuals and affiliated governmental units that are not included in the financial statements as part of the reporting entities. There are no related party transactions to be disclosed.

**GREEN COUNTY PUBLIC LIBRARY  
BUDGETARY COMPARISON SCHEDULE**

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
<b>Revenues</b>					
Desk Receipts	\$ 4,000	\$ 4,000	\$ 3,393	\$ (607)	-15.18%
Property taxes	260,000	260,000	265,221	5,221	2.01%
Motor vehicle taxes	9,000	9,000	11,382	2,382	26.47%
Delinquent Taxes	5,000	5,000	7,536	2,536	50.72%
Other Taxes	73,000	73,000	80,432	7,432	10.18%
Grants	14,000	14,000	16,315	2,315	16.54%
Donations	2,400	2,400	754	(1,646)	-68.58%
Earnings on investments	-	-	201	201	100.00%
Other Income	4,600	4,600	7,437	2,837	61.67%
Beginning Balance	120,000	120,000	224,515	104,515	87.10%
<b>Total revenues</b>	<u>492,000</u>	<u>492,000</u>	<u>617,186</u>	<u>125,186</u>	<u>25.44%</u>
<b>Expenditures</b>					
Administration	\$ 16,450	\$ 16,450	\$ 13,750	\$ 2,700	16.41%
Capital Outlay	22,000	22,000	18,329	3,671	16.69%
Contracted Services	9,600	9,600	6,461	3,139	32.70%
Material & Supplies	95,500	95,500	99,533	(4,033)	-4.22%
Other Operating Expenses	15,200	15,200	10,574	4,626	30.43%
Personnel	223,000	223,000	205,657	17,343	7.78%
Programs	30,200	30,200	35,441	(5,241)	-17.35%
Contingency	80,050	80,050	-	80,050	100.00%
<b>Total expenditures</b>	<u>492,000</u>	<u>492,000</u>	<u>389,745</u>	<u>22,205</u>	<u>4.51%</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,441</u>	<u>\$ 102,981</u>	<u>20.93%</u>

**GREEN COUNTY PUBLIC LIBRARY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

June 30, 2016

Prior Year Comments: (2012)

- Lack of Segregation of Duties
- Issuance of 1099 forms to IRS

**ROSS & COMPANY, PLLC**  
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Director and Members of the Board of Directors  
Green County Public Library  
Greensburg, Kentucky

**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**

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 Green County Public Library, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Green County Public Library's basic financial statements and have issued our report thereon dated July 29, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the management letter that we consider to be significant deficiencies, 2016-01 and 2016-02.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(Continued)

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of Green County Public Library in a separate letter dated July 29, 2016.

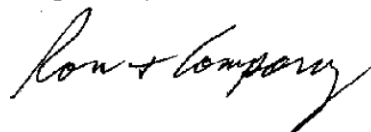
**Green County Public Library's Response to Findings**

Green County Public Library's response to the findings identified in our audit is described in the accompanying management letter. Green County Public 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.

Respectfully Submitted,



Ross and Company, PLLC  
July 29, 2016

**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
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**Greensburg, KY 42743**  
**Telephone (270) 932-9312**  
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Director and Members of the Board of Directors  
Green County Public Library  
Greensburg, Kentucky

**RECOMMENDATIONS AND COMMENTS TO MANAGEMENT**

In planning and performing our audit, we considered Green County Public Library's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Green County Public Library's internal control over financial reporting.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report July 29, 2016. This letter does not affect our report dated July 29, 2016 on the financial statements of the Green County Public Library. The conditions observed are as follows:

**Current Year Findings –**

2016-01: Lack of Segregation of Duties

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.

2016-02: Issuance of 1099 forms to IRS

A 1099 form was not issued to an individual who provided services. Any non incorporated entity compensated for services in the amount of \$600 or more should be issued a form 1099. Services of cleaning and other help in amount over the \$600 threshold and was not issued a form 1099. This is a violation of IRS regulations.

We will review the status of these conditions during our next audit engagement. We have already discussed many of these conditions and suggestions with various District personnel, and we will be pleased to discuss these conditions in further detail, to perform any additional study of these matters, or to assist you in implementing the recommendations at your convenience.

We sincerely appreciate the courtesy extended to our audit staff. Of course, should you have any questions or concerns regarding your audit, please feel free to contact us.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company".

Ross & Company, PLLC  
July 29, 2016