

JACKSON COUNTY PUBLIC LIBRARY  
FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2022



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## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
Management's Discussion and Analysis	3 - 5
Statement of Net Position	6
Statement of Activities	7
Balance Sheet - Governmental Fund	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	11
Notes to Financial Statements	12 - 16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
Jackson County Public Library

### ***Opinion***

We have audited the accompanying financial statements of the governmental activities of the Jackson County Public Library, as of and for the year ended June 30, 2022, 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 of the Jackson County Public Library, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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 Jackson County Public Library, and to meet our 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 opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jackson County Public Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility 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 Jackson County Public 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 Jackson County Public 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.

#### ***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 through 5 and page 11 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 on our consideration of the Jackson 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 Jackson County Public Library's internal control over financial reporting and compliance.

*Craft, Waninger, Noble & Company, PLLC*

Craft, Waninger, Noble & Company, PLLC  
Richmond, Kentucky  
June 23, 2023

## **JACKSON COUNTY PUBLIC LIBRARY MANAGEMENT’S DISCUSSION AND ANALYSIS**

*The Jackson County Public Library’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, 2022. Please read this MD&A in conjunction with the Library’s Financial Statements, which follow.*

### **Financial Highlights**

- I. The Library spent approximately 9% of its tax revenues on Library Materials.*
- II. The Library’s share of the real property tax increased over the previous fiscal year.*
- III. The Library is in the process of renovating the Library*

### **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 and the Statement of Activities report information about the Library’s activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Library and the changes in them. 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 are 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.

### **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 detail 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, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Variance</u>
Capital assets, net of depreciation	\$ 1,053,653	\$ 905,099	\$ 148,554
Other assets	1,302,653	1,126,086	176,567
Long-term liabilities	16,557	26,508	(9,951)
Current liabilities	88,736	12,130	76,606
Invested in fixed assets	1,053,653	905,099	148,554
Unrestricted net position	1,197,360	1,087,448	109,912

Revenue and Expense Comparison on the fund balance for the years ended:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Variance</u>
Taxing district revenues	\$ 546,411	\$ 461,539	\$ 84,872
Grant revenues	105,001	19,007	85,994
Investment income	4,915	791	4,124
Charges for services	4,642	3,407	1,235
Total revenues	<u>660,969</u>	<u>484,744</u>	<u>176,225</u>
Personnel expenses	237,644	137,677	99,967
Library materials	48,232	15,827	32,405
Telephone and utilities	19,917	13,047	6,870
Insurance	9,437	8,670	767
Office supplies	15,584	5,806	9,778
Programming	5,037	14,779	(9,742)
Public relations	5,510	1,839	3,671
Legal and accounting	3,896	4,697	(801)
Outreach and bookmobile operations	2,510	795	1,715
Staff education and dues	12,009	4,522	7,487
Technology	7,058	8,097	(1,039)
Other expenses	100	97	3
Repairs and maintenance	4,046	10,952	(6,906)
Depreciation expense	31,523	30,322	1,201
Total expenditures	<u>402,503</u>	<u>257,127</u>	<u>145,376</u>
Change in net position	<u>\$ 258,466</u>	<u>\$ 227,617</u>	<u>\$ 30,849</u>

The Library's main source of revenue is property tax, which is approximately 82.67% of the Library's total revenue – well below the state average of 93.50% due to the Outreach vehicles grant of \$70,000. Other income sources included donations, state aid, and fines and fees. The personnel expense represents 59.04% of total expenditures—below the state average of 64.82% due to nonparticipation in CERS.

### Capital Asset Activity

The Library purchased a new Outreach vehicle with the assistance of a grant from the state. They also completed a network upgrade, purchased new laptops for the staff, and began the renovation project.

## 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 a long-range 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 and a prior year monthly comparison, as well as a year-to-date statement at each monthly meeting.

### Budget Comparison for 2021-2022

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Difference</u>
Net Revenue	\$ 431,100	\$ 660,969	\$ 229,869
Employee Expenses	291,200	247,595	43,605
Library Materials	31,040	48,232	(17,192)
Telephone and Utilities	12,600	19,917	(7,317)
Insurance	15,000	9,437	5,563
Office Supplies	7,510	15,584	(8,074)
Programming	12,000	5,037	6,963
Public Relations	5,000	5,510	(510)
Professional Fees	5,200	3,896	1,304
Outreach and Bookmobile Operations	3,000	2,510	490
Staff Education and Dues	10,950	12,009	(1,059)
Technology	15,500	7,058	8,442
Other Expenses	100	100	-
Repairs & Maintenance	22,000	4,046	17,954
Capital Outlay	-	180,077	(180,077)
Net change in fund balance	<u>\$ -</u>	<u>\$ 99,961</u>	<u>\$ 99,961</u>

The Library and community is still recovering from COVID-19, which is reflected in our circulation and programming statistics. The Library and Bookmobile is spreading the word of our services to share information and resources with our community. The Library Board notices these changes when creating the budget and knows that some budget areas will either decrease or increase due to current demand. The Library Board selected the Compensating Property Tax Rate for the 2022 tax year. The Library will continue to expand services, programs, circulation, and resources to the community. The Library is expanding on programming and outreach more than ever before so we can reach those in the community. We promote the motto that the Library can come to them instead of the building being the only hub for the community. The public can find either a library employee or Friends of the Library member at local festivals, Back to School events, local tourism events, and more.

### Contacting the Library Management

The financial report is designed to provide the citizens of Jackson 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 Library Director, Ashley Wagers; Library Board Treasurer, LaNieka Baker; or any other Jackson County Public Library Board Member.

Jackson County Public Library  
Statement of Net Position  
June 30, 2022

Assets

Cash and cash equivalents	\$	1,056,771
Certificate of deposit		217,315
Accounts receivable		10,385
Prepaid expenses		18,182
Fixed Assets:		
Depreciable buildings, property and equipment, net of depreciation		1,010,653
Land		43,000
Total Fixed Assets		1,053,653

Total Assets		2,356,306
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Liabilities

Accounts payable		1,648
Accrued taxes payable		3,602
Current portion of compensated absences		5,000
Accounts payable- tax revenues		78,486
Long-Term Obligations:		
Compensated absences		16,557
Total Long-Term Obligations		16,557

Total Liabilities		105,293
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Net Position

Invested in fixed assets		1,053,653
Unrestricted		1,197,360
Total Net Position		2,251,013

Total Liabilities and Net Position	\$	2,356,306
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The accompanying notes are an integral part of these financial statements.



Jackson County Public Library  
Statement of Activities  
For The Year Ended June 30, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Primary Government
Governmental activities				
Library services	\$ (402,503)	4,642	105,001	\$ (292,860)
			General Revenues:	
			Taxing district revenues	\$ 546,411
			Investment income	4,915
			Total general revenues	551,326
			Change in net position	258,466
			Net position - beginning	1,992,547
			Net position - ending	\$ 2,251,013

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

Jackson County Public Library  
Balance Sheet  
Governmental Fund  
June 30, 2022

	Governmental Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 1,056,771
Certificate of deposit	217,315
Accounts receivable	10,385
Prepaid expenses	18,182
Total Assets	1,302,653
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	1,648
Accrued taxes payable	3,602
Current portion of compensated absences	5,000
Accounts payable- tax revenues	78,486
Total Liabilities	88,736
<b>Fund Balances</b>	
Nonspendable	18,182
Assigned- contingency fund	215,555
Unassigned	980,180
Total Fund Balances	1,213,917
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 fund	1,053,653
Certain liabilities (including compensated absences) are not due and payable in the current period and therefore, not reported in the fund	(16,557)
Net position of governmental activities	\$ 2,251,013

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

Jackson County Public Library  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For The Year Ended June 30, 2022

	Governmental Fund
Revenues	
Taxing district revenues	\$ 546,411
Grant revenues	105,001
Investment income	4,915
Charges for services	4,642
Total Revenue	660,969
Expenditures	
Current	
Personnel expenses	247,595
Library materials	48,232
Telephone and utilities	19,917
Insurance	9,437
Office supplies	15,584
Programming	5,037
Public relations	5,510
Professional Fees	3,896
Outreach and bookmobile operations	2,510
Staff education and dues	12,009
Technology	7,058
Other expenses	100
Repairs and maintenance	4,046
Total Current Expenditures	380,931
Operating capital outlays	180,077
Total Expenditures	561,008
Net change in fund balance	99,961
Fund balance - beginning	1,113,236
Fund balance - ending	\$ 1,213,197

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

Jackson County Public Library  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
 Balance of Governmental Fund to the Statement of Activities  
 For The Year Ended June 30, 2022

Reconciliation to the Statement of Activities:

Net Change in Fund Balance - Governmental Fund	\$	99,961
<p>Governmental Funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their useful lives and reported as depreciation expenses.</p>		
Capital Outlay		180,077
Depreciation Expense		(31,523)
<p>Governmental Funds report expenses as paid by the Organization; however, in the Statement of Activities, expenses are reported as due based on a 60-day accrual. Accordingly, the Statement of Activities recorded fewer expenses than the fund accounting.</p>		
		9,951
Change in Net Position of Governmental Activities	\$	258,466

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

Jackson County Public Library  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For The Year Ended June 30, 2022

	Original Budget	Enacted Budget	Actual	Favorable (Unfavorable) Balance
<b>Revenues</b>				
Taxing district revenues	\$ 426,000	\$ 426,000	\$ 546,411	\$ 120,411
Grant revenues	2,800	2,800	105,001	102,201
Investment income	700	700	4,915	4,215
Charges for services	1,600	1,600	4,642	3,042
Total Revenue	<u>431,100</u>	<u>431,100</u>	<u>660,969</u>	<u>229,869</u>
<b>Expenditures</b>				
Personnel expenses	291,200	291,200	247,595	43,605
Library materials	31,040	31,040	48,232	(17,192)
Telephone and utilities	12,600	12,600	19,917	(7,317)
Insurance	15,000	15,000	9,437	5,563
Office supplies	7,510	7,510	15,584	(8,074)
Programming	12,000	12,000	5,037	6,963
Public relations	5,000	5,000	5,510	(510)
Professional Fees	5,200	5,200	3,896	1,304
Outreach and bookmobile operations	3,000	3,000	2,510	490
Staff education and dues	10,950	10,950	12,009	(1,059)
Technology	15,500	15,500	7,058	8,442
Other expenses	100	100	100	-
Repairs and maintenance	22,000	22,000	4,046	17,954
Total Current Expenditures	<u>431,100</u>	<u>431,100</u>	<u>380,931</u>	<u>50,169</u>
Operating capital outlays	<u>-</u>	<u>-</u>	<u>180,077</u>	<u>(180,077)</u>
Total Expenditures	<u>431,100</u>	<u>431,100</u>	<u>561,008</u>	<u>(129,908)</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>99,961</u>	
Fund balance - beginning	<u>1,113,236</u>	<u>1,113,236</u>	<u>1,113,236</u>	
Fund balance - ending	<u>\$ 1,113,236</u>	<u>\$ 1,113,236</u>	<u>\$ 1,213,197</u>	

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

JACKSON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jackson County Public Library (the Library) was formed by the Jackson County Fiscal Court pursuant to K.R.S. 65.182 et. seq. and K.R.S. 173.450 et. seq. The public library district was created to provide all Jackson County residents with access to public library services, and to establish, equip, maintain and administer a countywide public library system. A countywide tax shall be collected for the public library district in the manner described in K.R.S. 65.182 and other applicable law. The affairs of the public library district shall be operated by a Board of Trustees as set forth by K.R.S. 173.450.

Basis of Presentation

The financial statements of the Library have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the library’s taxing district as a whole.

Fund Financial Statements – are organized into funds, each of which is considered separately. The Library has only one such governmental fund that accounts for the daily operating activity of the Library. A description of such fund is as follows:

- 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 is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

Basis of Accounting

In the government-wide Statement of Net Position and the Statement of Activities, all activities are presented under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property taxes are recorded as revenue when collected and available to be remitted to the Library by county tax collection agencies. Expenditures are recognized when the related fund liability is incurred.

Cash and Cash Equivalents

The Library considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Budgeting

The Library follows the procedures established pursuant to Section 91A.030 of the Kentucky Statutes in establishing the budgetary data reflected in the financial statements. Budgets for the general fund are adopted on a basis consistent with United States generally accepted accounting principles.

JACKSON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Property Tax Revenues

In the government-wide statements, property tax revenues are recognized when they become available. Available property tax revenues includes those property tax receivables expected to be collected within sixty-days after year-end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property, Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment purchases have been capitalized and recorded in the government-wide financial statements. Additionally, as all capital assets are directly utilized in the Library’s operating activities, an expense for capital outlays has been reported on the fund financial statements. The Library expenses all books and materials as purchased and does not capitalize such items.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended June 30, 2022 was \$31,523

Fund Balance

As of June 30, 2012, the Library implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

As of June 30, 2022 fund balances are comprised of the following:

	<u>General Fund</u>
Nonspendable	\$ 18,182
Assigned- contingency fund	\$ 215,555
Unassigned	\$ 980,180

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.

JACKSON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

The Library adopted GASB Statement No. 87, *Leases*, for the year ended June 30, 2022. This guidance changes how governments handle the accounting and disclose leases. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Library determined through a review of their leases that the impact of the standard was immaterial.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Library maintains cash and cash equivalents in local banks which may, at times, exceed the FDIC limits. The Library’s cash and cash equivalents are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity’s name, (2) collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name or (3) uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name). The Library’s categorization as of June 30, 2022 was as follows:

Category 1	\$	467,315
Category 2	\$	844,851
Category 3	\$	-

NOTE 4 – INVESTMENTS

Investments are presented in the financial statements as of June 30, 2022 as current assets because they are available to meet current obligations. The only investments at June 30, 2022 were certificates of deposit. Market values at June 30, 2022 are as follows:

<u>Type of Security</u>	<u>Cost</u>	<u>June 30, 2022 Market Value</u>	<u>Accrued Interest</u>
Certificate of deposit	\$ 217,315	\$ 217,315	\$ -
	\$ 217,315	\$ 217,315	\$ -

Fair Value Measurements

FASB issued FASB ASC 820, *Fair Value Measurements and Disclosures* in order to establish a single definition of fair value and a framework for measuring fair value in Generally Accepted Accounting Principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements. FASB ASC 820 also expands disclosures about fair value measurements. FASB ASC 820 applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured for fair value, but does not expand the use of fair value.

FASB ASC 820 defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between participants. FASB ASC 820 also establishes a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

Level 1 – Asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2 – Asset and liability fair values are based on observable inputs that include quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets and liabilities. Level 2 assets and liabilities include certificates of deposit.



JACKSON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 4 – INVESTMENTS (CONTINUED)

Level 3 – Assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificate of deposit	\$ 217,315	\$ -	\$ 217,315	\$ -
Total	<u>\$ 217,315</u>	<u>\$ -</u>	<u>\$ 217,315</u>	<u>\$ -</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

<u>Governmental Activities</u>	<u>June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2022</u>
Land	\$ 43,000	\$ -	\$ -	\$ 43,000
Buildings and improvements	1,190,825	-	-	1,190,825
Construction in progress	-	67,438	-	67,438
Vehicles	-	70,910	-	70,910
Furniture and equipment	247,692	41,729	-	289,421
Total at historical cost	<u>1,481,517</u>	<u>180,077</u>	<u>-</u>	<u>1,661,594</u>
Less: Accumulated Depreciation	<u>(576,418)</u>	<u>(31,523)</u>	<u>-</u>	<u>(607,941)</u>
Capital assets – net	<u>\$ 905,099</u>	<u>\$ 148,554</u>	<u>\$ -</u>	<u>\$ 1,053,653</u>

As shown in the above table, the Library sold their old Library building during the year ended June 30, 2022. The total sales price was \$225,575. This resulted in a gain on sale of \$83,656 which is reported on the Statement of Activities as a separate line item.

NOTE 6 – COMPENSATED ABSENCES

It is the Library's policy to compensate all employees for certain absences not used at the end of their employment. As of June 30, 2022, the liability for these absences was \$21,557 and has been included in the personnel expenses. Such liability is recorded in the government-wide financial statements.

JACKSON COUNTY PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022

NOTE 7 – LONG-TERM OBLIGATIONS

A summary of changes in long-term debt follows:

	<u>Compensated Absences</u>
Payable at June 30, 2021	\$ 31,508
Increase	-
Decrease	(9,951)
Payable at June 30, 2022	\$ 21,557

NOTE 8 – 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. In addition to its general liability insurance, the library also carries commercial insurance for all other risks of loss such as worker’s compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 9 – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2022 were levied on October 1, 2021 on the assessed property located in Jackson County as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Date Per K.R.S. 134.020</u>
1. Due date for payment	Upon receipt
2. 2% discount applies	To November 30
3. Face value payment period	To December 31
4. Past due date, 5% penalty	January 1
5. Interest charge	16% effective January 1

Vehicle taxes are collected by the County Clerk of Jackson County and are due and collected in the birth month of the vehicle’s licensee.

NOTE 10 – SUBSEQUENT EVENTS

Management of the Organization has considered subsequent events through June 23, 2023, the date this report became available for issuance.

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  
Jackson County Public Library  
McKee, 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 Jackson County Public Library, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Jackson County Public Library's basic financial statements, and have issued our report thereon dated June 23, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jackson 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson County Public Library's internal control.

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

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

### **Report on Compliance and Other Matters**

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



## **Purpose of this Report**

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.

*Craft, Waininger, Noble & Company, PLLC*

Craft, Waininger, Noble & Company, PLLC  
Richmond, Kentucky  
June 23, 2023