

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

**Financial Statements and Supplemental Information**

**June 30, 2010**

**With Independent Auditors' Report Thereon**

**Fain, Mattingly & Associates, P.S.C.  
Certified Public Accountants  
100 John Sutherland Drive, Suite 2  
Nicholasville, Kentucky**

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Table of Contents

	<u>Page(s)</u>
Management's Discussion and Analysis	2-8
Independent Auditors' Report	9-10
Statement of Net Assets	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets	14
Statement of Revenues, Expenditures & Changes in Fund Balances All Governmental Fund Types	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures & Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis)	17-19
Notes to Financial Statements	20-32
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Performed in Accordance with Government Auditing Standards	33-34

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) offers the readers of the Jessamine County Public Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2010.

The Jessamine County Public Library, located in Nicholasville, Kentucky, has a central location in the county of approximately 47,589 residents. Jessamine County has a long history of library support, starting with the Acme Book Club in 1896 and continuing through five library buildings of increasing size to the current 22,800 square foot facility.

The Library, which has about 45,119 registered customers, offers weekly programs for infants, toddlers, and preschoolers as well as biweekly teen programs and adult programs. The collection includes books, periodicals, DVDs, audio books (on CD and downloadable from the Internet), music CDs, electronic databases, and public computers. The library has outreach services that the homebound, day care centers, and after-school programs.

A five-member Board of Trustees governs the Jessamine County Public Library Taxing District. The Board is appointed by the County Judge Executive and is solely responsible for managing the assets of the district.

The primary source of revenue for the taxing district is property and other local taxes. About 2.0% of the budget is from the State of Kentucky.

### **Financial Highlights**

- The Library's assets exceeded its liabilities by \$5,843,887 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$5,392,407.
- Total net assets are comprised of the following:
  - Capital assets, net of related debt, of \$3,960,640 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - Net assets of \$1 are restricted by constraints imposed from outside the Library such as debt covenants, grantors, laws, or regulation.
  - Unrestricted net assets of \$1,883,246 represent the portion available to maintain the Library's continuing obligations to the citizens and creditors.

- The Library's governmental funds reported total ending fund balance of \$1,881,208 this year. This compares to the prior year ending fund balance of \$1,406,381 showing an increase of \$474,828 during the current year. This increase includes general fund revenues of \$474,828; debt service funds show no change.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,881,208, or 88.2% of total General Fund expenditures including transfers and 72.1% of total General Fund revenues including transfers.
- Total liabilities of the Library decreased by \$102,424 to \$1,603,482 during the fiscal year.

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

The Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Library's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination of reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the Library-wide statement of position presenting information that includes all of the Library's assets and liabilities, with the difference 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 Library as a whole is improving or deteriorating. Evaluation of the overall economic health of the Library would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Library infrastructure in addition to the financial information provided in this report.

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

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

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

## **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Library's most significant funds rather than the Library as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Library has the following types of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the Library's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparison between these two perspectives may provide insight into the long-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. These statements and schedules demonstrate compliance with the Library's adopted and final revised budget.

## **Notes to the financial statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

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

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Library as a whole.

The Library's net assets at fiscal year-end are \$5,843,887. This is a \$451,480 increase over last year's net assets of \$5,392,407. The following table provides a summary of the Library's net assets:

	Government Net Assets		Amount	Percent
	6/30/10	6/30/09	Change	Change
<b>Assets</b>				
Current and other Assets	1,909,144	1,426,770	482,374	33.81%
Capital Assets	5,538,225	5,671,543	-133,318	-2.35%
<b>Total Assets</b>	<b>7,447,369</b>	<b>7,098,313</b>	<b>349,056</b>	<b>4.92%</b>
<b>Liabilities</b>				
Current Liabilities	152,869	150,500	-2,369	-1.57%
Long-Term Liabilities	1,450,613	1,555,406	104,793	6.74%
<b>Total Liabilities</b>	<b>1,603,482</b>	<b>1,705,906</b>	<b>102,424</b>	<b>6.00%</b>
<b>Net Assets</b>				
Inv. In Cap. Assets, Net of Debt	3,960,640	3,988,154	-27,514	-0.69%
Restricted	1	1	0	0.00%
Unrestricted	1,883,246	1,404,252	478,994	34.11%
<b>TOTAL NET ASSETS</b>	<b>5,843,887</b>	<b>5,392,407</b>	<b>451,480</b>	<b>8.37%</b>

The Library reported positive balances in net assets for governmental activities. Net assets increased \$474,828 for governmental activities. The Library's overall financial position improved during fiscal year 2010.

Tax revenues were not significantly affected by the slowed economy because of the phenomenal growth of Jessamine County. Although state law restricts the yearly tax revenue to a 4%

increase over the previous year's income, the law does not restrict the income from new growth. It is this new growth income that shields the library from the detrimental effects of low-performance investments and artificial tax ceilings. The total tax revenue for the year exceeded projections by 9.0%.

General fund expenditures during the current fiscal year were \$474,828 less than the revenues and government-wide expenses were \$451,480 less for government-wide revenues.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the Library's changes in net assets:

	<u>Government Activities</u>		Amount	Percent
	6/30/10	6/30/09	Change	Change
<b>Revenue</b>				
Book fines and copy fees	86,513	58,772	27,741	47.20%
Operating Grants, etc.	54,842	32,432	22,410	69.10%
<b>General Revenues</b>				
Property Taxes	2,443,860	2,181,438	262,422	12.03%
State Funding	2,200	8,154	-5,954	-73.02%
Interest and Investment Income	19,158	22,338	-3,180	-14.24%
Other revenues	3,739	2,235	1,504	67.29%
<b>Total Revenues</b>	<b>2,610,312</b>	<b>2,305,369</b>	<b>304,943</b>	<b>13.23%</b>
<b>Total Expenses</b>	<b>2,158,832</b>	<b>1,850,574</b>	<b>-308,258</b>	<b>-16.66%</b>
<b>Change in Net Assets</b>	<b>451,480</b>	<b>454,795</b>	<b>-3,315</b>	<b>-0.73%</b>
Net Assets beginning of year	5,392,407	4,937,612	454,795	9.21%
Net Assets end of year	5,843,887	5,392,407	1,067,996	19.81%

As mentioned earlier and illustrated above, the Library relies heavily upon property taxes to support governmental operations. Property taxes provided 93.71% and 94.81 % of the Library's total governmental revenues in fiscal years 2010 and 2009.

## **Financial Analysis of the Library's Funds**

### **Governmental funds**

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,881,209. Of this year-end total, approximately \$1,881,208 is unreserved indicating availability for continuing Library service requirements. Designated fund balances include: \$19,868 committed to provide for unbudgeted repairs were released during the current year resulted in no designated funds at the end of the year. Reserved fund consists of \$1 in debt service bank accounts.

The total ending fund balances of governmental funds show an increase of \$474,828 from the prior year. This increase was due primarily to an increase in budgeted revenues.

### **Major Governmental Funds**

The General Fund is the Library's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund increased \$474,828. Key factors contributing to this were conservative budgeting and close monitoring of expenditures.

The Debt Service Fund has a fund balance of \$1. The Debt Service Fund year-end balance is fully reserved for debt service, but is not required to be set aside. The balance in Debt Service net assets reflects the Library's continuing commitment to time the issuance for debt with debt retirements to support the objective of maintaining level Library property taxes at approximately 6.0 cents per hundred dollars in the year ended June 30, 2010 and 6.8 cents per hundred dollars in the year ended June 30, 2011. A key factor in achieving this objective is the county's annual reassessment of property values, which have been steadily rising over recent years. This favorable trend in property assessments has allowed the Library to maintain an active bond program without substantially increasing property tax rates.

### **General Fund Budgetary Highlights**

The General Fund budget for fiscal year 2010 was \$2,329,057. This was an increase of \$2,633 over the previous year's amended budget.

The General Fund budget complied with financial policies approved by the Board of Trustees and maintained core Library services.



## **Capital Asset and Debt Administration**

### **Capital assets**

The Library's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2010, was \$5,538,225. The total decrease in this net investment was \$133,318 or 2.35% for the Library as a whole.

### **Long-term debt**

The Library reduced long-term debt by a reduction of bond long-term debt through the repayment of \$110,000 general obligation bonds. The remaining bonds payable of \$1,605,000 net of amortization, plus accrued interest payable are \$1,577,584. Long-term debt decreased by \$104,793 for the year or 6.3% of total debt.

## **Economic Environment and Next Year's Budgets and Rates**

The general outlook for the Jessamine County Public Library for the next year is for modest growth amidst the current period of financial instability in the United States. In general, any major swings in the overall economy have a smaller effect on the Library due to the diversity of the local economy and the vigor reflected in its unemployment rate, still among the lowest in the state.

## **Contacting the Library's Financial Management**

This financial report is designed to provide a general overview of the Library's finances, comply with finance-related laws and regulations, and demonstrate the Library's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Dr. Ron Critchfield, Director, Jessamine County Public Library, 600 South Main Street, Nicholasville, Kentucky 40356.



Leta G. Mattingly, CPA  
Nancy J. Clark, CPA  
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*(1955-2002)*  
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*Members of  
Kentucky Society of  
Certified Public Accountants  
  
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### Independent Auditors' Report

The Board of Trustees  
Jessamine County Public Library  
Taxing District  
Nicholasville, Kentucky

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Jessamine County Public Library Taxing District (a library district) as of June 30, 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

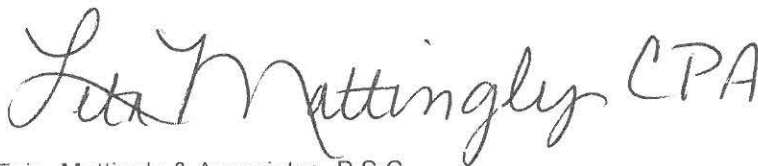
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jessamine County Public Library as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, on pages two through nine, and the budgetary comparison information on pages eighteen through twenty are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Lisa Mattingly CPA". The signature is fluid and cursive, with the letters "L" and "M" being particularly large and stylized.

Fain, Mattingly & Associates, P.S.C.  
Certified Public Accountants

November 17, 2010

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

Statement of Net Assets

June 30, 2010

			Total Governmental Activities
<u>Assets</u>			
Cash and current assets			
Cash	\$ 932,674	\$	
Investments	951,900		
Revenue receivable	19,041		
Inventory for resale	5,528		
Investments restricted	1		
Total cash and current assets			1,909,144
<u>Capital Assets</u>			
Land	1,111,673		
Books and A/V material	1,702,900		
Other capital assets, net of depreciation	2,723,652		
Total capital assets			5,538,225
Total Assets		\$	<u>7,447,369</u>
<u>Liabilities</u>			
Current Liabilities			
Accounts payable	\$ 12,401	\$	
Payroll taxes payable	113		
Deferred revenues	2,063		
Compensated absence	11,321		
Total current liabilities			25,898
<u>Current Portion Debt of Long-term Debt</u>			
Current interest payable	16,971		
Current bond payable	110,000		
Total current portion of long-term debt			126,971
<u>Long-term Debt</u>			
General obligation bond payable	1,495,000		
Discount on bonds, issue costs net amortization	(44,387)		
Total long-term debt			1,450,613
Total Liabilities			<u>1,603,482</u>
<u>Net Assets</u>			
Invested in capital assets, net of capital assets, net of related debt			3,960,640
Restricted for:			
Debt service	1		
Total restricted			1
Unrestricted Net Assets			<u>1,883,246</u>
Total unrestricted			
Total Net Assets			<u>5,843,887</u>
Total Liabilities and Net Assets		\$	<u>7,447,369</u>

See accompanying notes to financial statements.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Statement of Activities  
For The Year Ended June 30, 2010

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions Revenues</u>	<u>Capital Grants &amp; Contributions Revenues</u>	<u>Net (Expense) Revenue</u>
Functions/Programs					
Primary government:					
Compensation	\$ 1,142,557	\$	\$	\$	\$ (1,142,557)
Library materials	284,375				(284,375)
Operating expenses	447,639		(29,282)	(25,560)	(392,797)
Depreciation expense	192,881				(192,881)
Interest expense	60,925				(60,925)
Amortization bond discount	5,206				(5,206)
Adjustment books and AV	25,249				(25,249)
Total Primary Government	\$ <u>2,158,832</u>	\$ <u>0</u>	\$ <u>(29,282)</u>	\$ <u>(25,560)</u>	<u>(2,103,990)</u>
Revenues					
District tax					2,443,860
State funding					2,200
Other revenue					91,543
Interest Income					19,158
Investment income					<u>(1,291)</u>
Total General Revenues					<u>2,555,470</u>
Excess of Revenues Over (Under)					
Change in Net Assets					451,480
Net assets beginning of year - 7/1/09					<u>5,392,407</u>
Net assets end of year - 6/30/10					\$ <u><u>5,843,887</u></u>

See accompanying notes to financial statements.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Balance Sheet - Governmental Funds

June 30, 2010

	General Fund	Debt Service	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 932,674	\$	\$ 932,674
Investments	951,900		951,900
Investments restricted		1	1
Grant receivable	5,683		5,683
Inventory for resale	5,528		5,528
Total Assets	<u>\$ 1,895,785</u>	<u>\$ 1</u>	<u>\$ 1,895,786</u>
 <u>Liabilities &amp; Fund Equities</u>			
<u>Liabilities</u>			
Accounts payable	\$ 12,401	\$	\$ 12,401
Payroll taxes payable	113		113
Deferred revenues	2,063		2,063
Total Liabilities	<u>14,577</u>	<u>0</u>	<u>14,577</u>
 <u>Fund Balances</u>			
Reserved for debt service		1	1
Unreserved			
Undesignated	<u>1,881,208</u>		<u>1,881,208</u>
Total Fund Balance	<u>1,881,208</u>	<u>1</u>	<u>1,881,209</u>
Total Liabilities and Fund Balance	<u>\$ 1,895,785</u>	<u>\$ 1</u>	<u>\$ 1,895,786</u>

See accompanying notes to financial statements.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Reconciliation of the Balance Sheet of Governmental Funds  
To The Statement of Net Assets  
June 30, 2010

Total fund balance - total governmental funds	\$ 1,881,209
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets of \$7,242,405, net of accumulated depreciation of \$1,704,180, are not financial resources and, therefore are not reported in the funds. See the accompanying notes for additional detail.	5,538,225
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,358
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Long-term liabilities of \$1,605,000 are not due and payable in the current period and are not reported in the funds, as well as unamortized bond discount of \$44,387, and bond interest payable of \$16,971. See the accompanying notes for detail.	(1,577,584)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See the accompanying notes for detail.	<u>(11,321)</u>
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Net assets of governmental activities	\$ <u><u>5,843,887</u></u>
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See accompanying notes to financial statements.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
**Statement of Revenue and Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For The Year Ended June 30, 2010**

	General Fund	Debt Service	Total Governmental Funds
Revenues:			
District tax	\$ 2,443,860	\$	\$ 2,443,860
State aid	57,042		57,042
Copy fees & book fines	86,513		86,513
Investment income	15,869		15,869
Resale items (net of cost of goods sold)	3,352		3,352
Miscellaneous	1,678		1,678
Total Revenues	<u>2,608,314</u>	<u>0</u>	<u>2,608,314</u>
Expenditures:			
Compensation	1,143,434		1,143,434
Library materials	284,375		284,375
Programming	22,690		22,690
Operating expenses	315,750		315,750
Outreach program	47,574		47,574
Bond expense		110,000	110,000
Interest expense		61,934	61,934
Furniture & equipment	12,848		12,848
Library automation	22,429		22,429
Computer & software	25,431		25,431
New construction	87,021		87,021
Total Expenditures	<u>1,961,552</u>	<u>171,934</u>	<u>2,133,486</u>
Excess of Revenues Over (Under) Expenditures	<u>646,762</u>	<u>(171,934)</u>	<u>474,828</u>
Other Financing Sources (Uses)			
Debt service	<u>(171,934)</u>	<u>171,934</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(171,934)</u>	<u>171,934</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Net change in fund balance	474,828	0	474,828
Fund Balance			
Beginning of Year - 7/1/09	<u>1,406,380</u>	<u>1</u>	<u>1,406,381</u>
Fund Balance			
End of Year - 6/30/10	<u>\$ 1,881,208</u>	<u>\$ 1</u>	<u>\$ 1,881,209</u>

See accompanying notes to financial statements.



**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds

To The Statement of Activities  
For The Year Ended June 30, 2010

Net change in fund balances - total governmental funds	\$ 474,828
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.

Capital asset purchases capitalized	86,104
Depreciation expense	(192,881)
Adjustment books & A/V materials	(25,249)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,289
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the amount by which debt service payments exceeded increases.	105,804
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Notes for details	<u>(415)</u>
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Change in net assets of governmental activities	\$ <u><u>451,480</u></u>
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See accompanying notes to financial statements.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## General Fund

Statement of Revenues, Expenditures, Encumbrances, and  
Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)  
For The Year Ended June 30, 2010

	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
<b>Revenues</b>					
Taxes					
Ad Valorem	\$ 132,000	\$	\$ 132,000	\$ 113,875	\$ 18,125
Delinquent	68,894		68,894	28,888	40,006
Deferred	2,000,000		2,000,000	2,230,543	(230,543)
Inter county motor vehicle	8,663		8,663	15,394	(6,731)
Omitted tangible	12,000		12,000	34,650	(22,650)
Telecommunications tax	17,000		17,000	20,510	(3,510)
Total Taxes	2,238,557	0	2,238,557	2,443,860	(205,303)
<b>State Funding</b>					
Per capita income	27,000		27,000	29,282	(2,282)
Educational reimbursements			0	2,200	(2,200)
Other grants			0	25,560	(25,560)
Total State Funding	27,000	0	27,000	57,042	(30,042)
<b>Other Income</b>					
Gift income	2,500		2,500	6,475	(3,975)
Fines & copies	50,000		50,000	80,038	(30,038)
Staff purchase reimbursements & Other	500		500	1,678	(1,178)
Resale items (net of cost of goods sold)	500		500	3,352	(2,852)
Interest income	10,000		10,000	15,869	(5,869)
Total Other	63,500	0	63,500	107,412	(43,912)
Total Revenues	2,329,057	0	2,329,057	2,608,314	(279,257)
<b>Prior year fund balance</b>					
Appropriated for current year budget	0	0	0	1,406,380	(1,406,380)
Total revenues & prior year fund balance	2,329,057	0	2,329,057	4,014,694	(1,685,637)

See accompanying notes to financial statements.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## General Fund (Continued)

Statement of Revenues, Expenditures, Encumbrances, and  
Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)  
For The Year Ended June 30, 2010

Expenditures	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Compensation	\$	\$	\$	\$	\$
Salaries	858,248		858,248	829,739	(28,509)
Payroll taxes	65,374		65,374	58,423	(6,951)
Retirement	98,254		98,254	97,638	(616)
Medical insurance	163,987		163,987	145,485	(18,502)
Workers' compensation	6,000		6,000	4,302	(1,698)
Other employee expenses	7,400		7,400	7,247	(153)
Total Compensation	1,199,263	0	1,199,263	1,143,434	(55,829)
Library Materials					
Books	162,220		162,220	160,059	(2,161)
Periodicals	8,000		8,000	6,780	(1,220)
Audio visual	93,500		93,500	77,898	(15,602)
Binding/processing	19,500		19,500	18,970	(530)
Electronic licenses	24,500		24,500	20,868	(3,632)
Total Library Materials	307,720	0	307,720	284,375	(23,345)
Operating Expenditures					
Utilities	44,000		44,000	39,498	(4,502)
Communications	11,400		11,400	5,099	(6,301)
Building maintenance	6,500		6,500	13,312	6,812
Building & equipment repairs	44,000		44,000	51,035	7,035
Insurance & bonding	26,500		26,500	22,867	(3,633)
Professional fees	14,200		14,200	14,989	789
Janitorial & landscape service	41,000		41,000	43,906	2,906
Contract labor	24,500		24,500	22,733	(1,767)
Computer repairs & maintenance	15,900		15,900	47,574	31,674
Office supplies	16,000		16,000	15,952	(48)
Postage	10,000		10,000	8,240	(1,760)
Copier & other maintenance leases	12,000		12,000	16,339	4,339
Programming supplies	23,400		23,400	22,690	(710)

See accompanying notes to financial statements.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
**General Fund (Continued)**

Statement of Revenues, Expenditures, Encumbrances, and  
Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)  
For The Year Ended June 30, 2010

	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Public relations	\$ 30,300	\$	\$ 30,300	\$ 30,469	\$ 169
Continuing education/training	29,200		29,200	21,472	(7,728)
Outreach program	4,600		4,600	1,981	(2,619)
Board expense	1,000		1,000	633	(367)
Other staff expenses	9,500		9,500	7,225	(2,275)
Total Operating Expenditures	364,000	0	364,000	386,014	22,014
Other Expenditures					
Furniture & equipment	11,000		11,000	12,848	1,848
Library automation	25,000		25,000	22,429	(2,571)
Computer & software	20,000		20,000	25,431	5,431
Capital construction		68,700	68,700	87,021	18,321
Transfer to debt service	172,000		172,000	171,934	(66)
Total Other Expenditures	228,000	68,700	296,700	319,663	22,963
Total Expenditures	\$ 2,098,983	\$ 68,700	\$ 2,167,683	\$ 2,133,486	\$ (34,197)

Excess of revenues and other sources over expenditures,

encumbrances, and other uses

230,074 (68,700)

Less reserve for future uses

(230,074) 68,700

Change in fund balance

0 0

Prior year fund balance:

Fund balance, beginning(Non-GAAP

budgetary basis)

\$ 1,406,380 \$ 1,406,380

Less prior year fund balance (1)

0 0

Fund balance, ending(Non-GAAP

budgetary basis)

\$ 1,406,380 \$ 1,406,380

**ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

None needed

Fund balance, ending (GAAP basis)

\$ 1,881,208

(1) The General Fund budget includes \$1,406,380 in fund balance carried over from prior years.

This is not a revenue of the current period, but is presented as revenue only for

budgetary reporting purposes. Beginning budgetary fund balance has been reduced

for prior year fund balance to reflect the budgetary ending fund balance projected.

See accompanying notes to financial statements.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies**

A. Reporting Entity

Jessamine County Public Library Taxing District (Library) is a library district governed under KRS 173. The Library was originally established in 1896 through trust funds of Sarah Rice Withers. The Library provides access to quality materials, services, programs, and technology to enrich the community with ideas, information, and cultural opportunities. The library focuses its resources on current topics and titles, life-long learning, and services to pre-school children.

The basic financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Library's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis*, which mandates the new reporting model implemented by the Library. The following is a summary of significant accounting policies.

B. Entity-Wide and Fund Financial Statements

The financial statement presentation for the Library includes separate columns reporting a statement of net assets and a statement of activities. These statements present an entity-wide presentation of all activities of the Library. Also, separate fund financial statements are presented for the governmental funds of the Library, the Debt Service Fund and Capital Project Fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual 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. Furthermore, both long term and current assets and liabilities are included in the statement of net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual 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. The Library considers revenues available for reporting purposes when collected within 60 days. Only current assets and current liabilities generally are included on the balance sheet.

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Notes to Financial Statements (Continued)

June 30, 2010

Major sources of revenue are:

Local District Taxes Local tax revenue is recognized when received from the county sheriff's office. The tax rate for this year was 6.0 cents per \$100.00 of assessed real property and 15.37 cents per \$100.00 of assessed personal property. Motor Vehicle tax was 4.9 cents per \$100.00 of assessed vehicle value.

State Financial Assistance State Aid is provided by the Kentucky Department of Libraries and Archives and is recognized as it is received.

Donations Contributions, when received, are accounted for as donations.

Other Revenue Other revenues are composed primarily of interest and miscellaneous charges for services.

Grant funds are considered earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received they are recorded as deferred revenues until earned.

#### D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

#### Investments

Investments are recorded at fair value based on quoted market values in accordance with Statement No. 31 of the Governmental Accounting Standard Board, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*.

The Library's investment policy follows Section 66.480 of the Kentucky Revised Statutes. Funds may be invested in obligations of the United States and of its agencies, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including US Treasury, Farmers Home Administration, and obligation of any corporation of the United States Government, including Federal Home Loan Mortgage Corporation or Federal Home Loan Banks.

#### Capital Assets

Land, buildings, and other capital assets are recorded at cost in the fund financial statements. Additionally, capital assets are recorded at cost net of accumulated depreciation in the entity-wide statement of net assets. The Library defines capital assets as assets with an initial individual cost of more than \$1,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Interest incurred for the construction of capital assets is not capitalized. Future major repairs and replacements are not being accumulated rather the board has set aside funds for future needs. Should repairs be made, they will be expensed at that time.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements (Continued)  
June 30, 2010

Capital Assets (cont.)

Assets are depreciated on the straight-line basis over their estimated useful lives as follows:

Buildings	39 years
Building improvement	7-39 years
Furniture & equipment	7 years
Computers, electronics and software	5 years

The Library maintains a collection of books and audio-visual materials available for public use. The Library considers the value of the collection as a major asset and shows it on the statement of net assets. Each year the library purchases replacements and discards obsolete or worn materials to maintain a collection that will serve the needs of the community. The value of these materials has been estimated using a five year rolling average of units purchased into dollars spent.

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 of assets and liabilities, designated fund balances, and disclosure of contingent liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budget

The Library annually adopts a budget for the general fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Amendments are required to be made prior to the fact and approved by the majority of the Board of Trustees.

Reservations of Fund Balance

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Restricted resources are used first to fund appropriation or only after the unrestricted resources are depleted.

**NOTE 2. Reconciliation of Entity-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the entity-wide statement of net assets

The financial statement for the governmental fund balance sheet and statement of net assets includes an adjustments page representing reconciliation between fund balances reported in the fund financial statement and net assets reported in the entity-wide statement. The details of the reconciling items are as follows:

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

Notes to Financial Statements (Continued)

June 30, 2010

**NOTE 2. Reconciliation of Entity-Wide and Fund Financial Statements (cont.)**

When capital assets (land and building) used in government activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Library as a whole.

Cost of capital assets:

Assets not depreciated

Land	\$ 1,111,673	
Books & A/V Materials	<u>1,702,900</u>	
		<u>\$ 2,813,573</u>

Assets being depreciated:

Building	\$ 3,262,686	
Building Improvement	472,421	
Furniture & equipment	313,418	
Software	263,154	
Computer equipment	116,153	
Accumulated depreciation	<u>(1,704,180)</u>	
		<u>\$ 2,723,652</u>

Long-term liabilities applicable to the Library's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Bond payable	\$ 1,605,000
Bond Interest payable	16,971
Unamortized bond discount	<u>(44,387)</u>
	<u>\$ 1,577,584</u>

Under the modified accrual basis of accounting used in the governmental funds, revenues are not accrued until they are available. Some expenses do not require the use of current financial resources and are not reported as expenditures in governmental funds. In the statement of activities, however, which is presented on the accrual basis, revenues, expenses and liabilities are reported regardless of when financial resources are available. Accrued interest income of \$13,358 and compensated absences of \$11,321 were reported.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the entity-wide statement of activities

The financial statement for the governmental fund statement of revenues, expenditures, and changes in fund balances and statement of activities includes an adjustments column representing reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities reported in the entity-wide statement. The details of the reconciling items are as follows:



## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2010

### **NOTE 2. Reconciliation of Entity-Wide and Fund Financial Statements (cont.)**

When capital assets (land and building) used in government activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense for the year was \$192,881. Capital expenditures for the current fiscal year were \$86,104. Adjustment to the fair market value of the library collection was a decrease of \$25,249. The Library discarded obsolete computer equipment previously capitalized. The original cost of the equipment was \$5,187 less depreciation of \$3,896 creating a loss of \$1,291. Total adjustment due to changes in capital assets is a decrease of \$133,318.

Some revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. Revenues of \$3,289 were accrued for interest income.

Proceeds of debt issuances provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the statement of net assets.

Repayment of bond principal is a reported expenditure in governmental funds and thus, has the result of reducing the fund balance because current financial resources have been used. For the Library as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Change in interest payable	\$ ( 1,010)
Amortization of discount	5,206
Principal payment made	<u>(110,000)</u>
	\$ <u>(105,804)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Expenses of \$877 were released from compensation absence payable.

### **Government-wide and Fund Financial Statements**

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Library as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Library general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements (Continued)  
June 30, 2010

**NOTE 2. Reconciliation of Entity-Wide and Fund Financial Statements (cont.)**

Fund financial statements are provided for the Library's governmental fund. Major individual governmental funds, if any, are reported in separate columns with composite columns for non-major funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and other charges to users of the Library's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) and capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to those program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements report activity using the economic resources measurement focus and the accrual basis of accounting. This generally includes the reclassification or elimination of internal activity. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**NOTE 3. Cash and Investments**

Deposits (cash and certificates of deposits) are carried at cost, which approximates fair value. At June 30, 2010, the carrying amounts of the Library's deposits were \$1,884,575 and the bank balances were \$ 1,955,548. These deposits were substantially covered by federal depository insurance or by collateral held by the custodial bank in the Library's name. The Library's cash deposits were classified as follows:

Category 1. Insured \$ 900,000.

Category 2. Collateralized with securities held by the pledging financial institution \$ 1,053,648.

Category 3. Uncollateralized \$ 1,900.

Operating transfers are the amounts of cash resources that the board has elected to restrict or release from restrictions.

The Library's funds are mostly invested in interest bearing accounts or certificates of deposits. The debt service fund as of June 30, 2010 held investments of \$1 in cash. Cash on hand equaled \$130. The financial statements reflect the following accounts:

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements (Continued)  
June 30, 2010

**NOTE 3. Cash and Investments (cont.)**

	Unrestricted Funds	Temporarily Restricted Funds	Total Funds
<u>CASH</u>			
Checking	\$ 928,030	\$	\$ 928,030
FSA	4,514		4,514
Petty cash	130		130
Total Cash Accounts	<u>932,674</u>	\$ -	<u>932,674</u>
<u>INVESTMENTS</u>			
Certificates of Deposits	700,000		700,000
Money Market	251,900	1	251,901
Total Investments	<u>951,900</u>	<u>1</u>	<u>951,901</u>
Total Cash & Investments	<u>\$ 1,884,574</u>	<u>\$ 1</u>	<u>\$ 1,884,575</u>

**NOTE 4. Revenues and Receivables**

The Library's revenues as explained in note one are primarily from tax revenues, 93.7% and state aid and grants 2.2%. Copies, fines and fees comprise 3.3% during the current fiscal year, which includes \$15,041 of revenues from the previous year that was collected as restitution.

Fund receivables consist of grant revenue that has been earned, but not yet received for \$5,683. Government-wide interest receivable on certificates of deposits that has been earned, but not yet received has been accrued for \$13,358.

**NOTE 5. Inventory for Resale**

The Library purchases various items for sale that consist of convenience items and library related purchases. The following presents the activity in the inventory account and shows details on sales which are presented as revenues from resale items, which is presented net.

Beginning inventory	\$ 5,087	Sales gross	\$ 940
Inventory purchased	1,196		
Cost of goods sold	<u>(755)</u>	Cost of goods sold	<u>(755)</u>
Ending inventory	<u>\$ 5,528</u>	Net sales	<u>\$ 185</u>

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements (Continued)  
June 30, 2010

**NOTE 6. Employee Benefits**

Retirement Plan

The Library participates in the County Employees Retirement System. Employees become vested after 5 years. Each employee working 25 or more hours per week, on a regular basis, is a participating member. The participating employee contributes 5% (if hired before September 1, 2008) and 6% (if hired after September 1, 2008) of their gross pay. The Library contributed 13.50% for the current fiscal year on behalf of each participating employee. Retirement plan expense to the Library for the fiscal year ended June 30, 2010 was \$97,638.

Cafeteria Plan

The Library offers a cafeteria plan for all eligible employees. The plan includes options for medical and life insurance and for flexible spending accounts for medical and childcare. The Library pays 100% (percent) of the cost for a single person medical policy for full-time employees. The employees, through the cafeteria plan, can opt to pay the family plan premium. Cafeteria plan expense to the Library for the fiscal year ended June 30, 2010 was \$145,485.

Vacation

The Library's vacation policy permits employees to earn paid time off, after a six-month period, accrued from the start of employment. Employees must work at least twenty hours per week. Accrued but unused leave in excess of ten days may not be carried over to the following calendar year. Excess days are lost and the employee is not entitled to receive the cash equivalent. Vacation is accrued as compensated absence payable. During 2010, prior accrued vacation pay of \$12,198 was used and lowered compensation expense. Vacation pay earned and accrued during 2010 was \$11,321. The amounts netted, resulted in an decrease of compensation of \$877.

Sick Leave

The Library's sick leave policy permits the accumulation of sick days up to a maximum of 1000 hours for employees working at least 20 hours per week at the rate of one (1) workday per each month worked. Excess sick leave is forfeited at the end of each fiscal year. Unless retiring, employees are not paid for unused sick days upon termination of employment. The retiring employee sick leave balance, expressed in days, shall be divided by the average number of working days per month in county service and rounded to the nearest number of whole months. A maximum of six (6) months of the employee's sick leave balance, expressed in months, shall be added to his service credit when determining his annual retirement allowance. Sick leave in excess of six (6) months shall be added to the member's service credit if the employee and Library pays to the retirement system the value of the additional service credit based on the formula adopted by the board. As the numbers of employees eligible for this option is low and amounts are immaterial, the Library has made no provisions in the financial statements for unused sick leave. Accordingly, sick pay is charged to expenditures when taken.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2010

## NOTE 7. Capital Assets

During the year, the Library purchased computers and other electronics totaling \$23,716 and discard obsolete equipment with a book value of \$1,291. Other purchases were for shelving and cabinetry, signage and landscaping. Depreciation expense of \$192,881 was taken and the collection decreased in value due to a large number of discards by \$25,249.

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land & easements	\$ 1,111,673	\$	\$	\$ 1,111,673
Books & A/V material	1,728,149		25,249	1,702,900
	<u>2,839,822</u>	<u>0</u>	<u>25,249</u>	<u>2,814,573</u>
Capital assets, being depreciated:				
Building	3,262,686			3,262,686
Building improvements	453,245	19,176		472,421
Furniture & equipment	270,207	43,211		313,418
Software	263,154			263,154
Electronic equipment	97,624	23,716	5,187	116,153
Less accumulated depreciation	<u>(1,515,195)</u>	<u>(192,881)</u>	<u>(3,896)</u>	<u>(1,704,180)</u>
Total assets being depreciated, net	<u>2,831,721</u>	<u>(106,778)</u>	<u>1,291</u>	<u>2,723,652</u>
Total Governmental Activities Capital assets net	<u>\$ 5,671,543</u>	<u>\$ (106,778)</u>	<u>\$ 26,540</u>	<u>\$ 5,538,225</u>

## NOTE 8. Fund Balance

Designations of funds are used to show the amounts within unrestricted funds. These amounts are not legally restricted but have been designated for specific purposes. The Library has released \$19,868 from board reserves for unexpected repairs. Unrestricted funds \$1,881,208 are available for use during the upcoming fiscal year.

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. The Library has reserved \$1 for debt service. The required amount is zero.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

Notes to Financial Statements (Continued)

June 30, 2010

**NOTE 9. Long-Term Debt**

In September 2007, The Library borrowed \$130,000 from a local bank for the purposes of financing the completion of the parking lot expansion. The note at 6.75% matured in September 2010 and was paid in full. Interest expense was \$8,799. The note payment is shown as other financing uses on the governmental Statement of Revenue and Expenditures.

Bonds that were issued to the Special Revenue Fund of the Jessamine County Library State Construction Corporation in September 1995 for \$1,770,000 were refunded by the Series 2004 bonds, discussed below. The remaining balance of bonds due were redeemed when they were called on September 1, 2005 by funds placed in trust from the Series 2004 bonds.

Gross Debt Service Comparison

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>New D/S</u>	<u>Old D/S</u>	<u>Savings</u>
2005	\$	\$ 14,296	\$ 6,889	\$ 33,341	\$ 26,452
2006	90,000	33,410	123,410	144,532	21,122
2007	95,000	31,441	126,441	145,098	18,657
2008	95,000	29,304	124,304	145,395	21,091
2010	95,000	27,047	122,048	145,424	23,376
2010	100,000	24,485	124,485	145,170	20,685
3/1/11-					
3/1/15	560,000	72,195	632,195	736,348	104,153
3/1/16-					
3/1-23	<u>120,000</u>	<u>2,220</u>	<u>122,220</u>	<u>144,025</u>	<u>21,805</u>
Total	<u>\$1,155,000</u>	<u>\$ 234,398</u>	<u>\$ 1,381,992</u>	<u>\$1,639,333</u>	<u>\$ 257,341</u>

The economic gain that arose because of the advance refunding was netted against interest expense over the period of time until the 1995 series was called in September 2005. A schedule with the gain calculation is shown below:

Funds required for refunding		\$ 1,262,825
Old debt obligations		
Bonds - '95 Series	\$ (1,195,000)	
Less: Discounts	<u>41,335</u>	<u>(1,153,665)</u>
Deferred gain on refunding		<u>\$ 109,160</u>

The economic gain realized during previous years was \$109,160.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

Notes to Financial Statements (Continued)

June 30, 2010

**NOTE 9. Long-Term Debt (cont.)**

General obligation bonds were issued to the Jessamine County District in April 2003 for \$985,000 at a discount of \$19,665 and issue costs of \$19,635. Proceeds were used for the Library expansion and are accounted for in the fund statements under Capital Projects and on the entity-wide statements as construction in progress. Interest on the bonds will be due October 1 and April 1, commencing October 1, 2003. The bonds mature each April 1 and thereafter as shown below. The bonds were issued in denominations of \$5,000 each or integral multiples thereof.

<u>Due Apr 1</u>	<u>Amount</u>	<u>Rate</u>
2008	\$ 10,000	3.750
2010	10,000	3.750
2010	10,000	3.750
2011	10,000	3.750
2012	10,000	3.750
2013	10,000	3.750
2014	10,000	3.750
2015	10,000	3.750
2016	15,000	3.750
2017	110,000	3.750
2018	115,000	3.750
2019	120,000	4.100
2020	120,000	4.125
2021	125,000	4.125
2022	130,000	4.125
2023	<u>140,000</u>	4.150
Total	<u>\$ 955,000</u>	

On November 18, 2004, the Library issued general obligation bonds of \$1,155,000 with interest rates of 2% to 3.7% to advance refund revenue bonds with interest rates of 5.375% to 5.75% of \$1,195,000. The bonds, of various maturities, mature on September 1, 2005 thru September 1, 2015 and were callable on September 1, 2005. Additional funds from the Series 1995 Debt Service Reserve Fund netting \$71,598 were transferred to the agent.

The general obligation bonds were issued at a discount of \$14,393 and after paying issue costs of \$24,505 and accruing interest payable of \$4,479, the net proceeds were \$1,120,581. These funds less the net funds transferred of \$71,598 were transferred to the trustee, in the amount of \$1,048,983.

The net proceeds from the issuance of general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on September 1, 2005. The advance refunding met the requirement of an in-substance defeasance and the revenue bonds were removed and the new bonds added from the Library's government-wide financial statements.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2010

## NOTE 9. Long-Term Debt (cont.)

Interest on the bonds will be due September 1 and March 1, commencing September 1, 2005. The bonds mature each April 1 and thereafter as shown below. The bonds were issued in denominations of \$5,000 each or integral multiples thereof.

<u>Due Sept 1</u>	<u>Amount</u>	<u>Rate</u>
2007	\$ 95,000	2.250
2008	95,000	2.500
2010	100,000	2.750
2010	100,000	3.000
2011	110,000	3.200
2012	110,000	3.300
2013	120,000	3.500
2014	120,000	3.600
2015	<u>120,000</u>	3.700
Total	<u>\$ 970,000</u>	

## Debt Service Requirements to Maturity

### Governmental Activities

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$110,000	\$58,684	\$168,684
2012	120,000	55,049	175,049
2013	120,000	51,099	171,099
2014	130,000	46,809	176,809
2015	130,000	42,174	172,174
2016- 2020	600,000	150,044	750,044
2021-2023	<u>395,000</u>	<u>33,310</u>	<u>428,310</u>
Total	<u>\$1,605,000</u>	<u>\$437,169</u>	<u>\$2,042,169</u>



# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2010

## NOTE 9. Long-Term Debt (cont.)

Debt reduction included redemption of bonds for \$110,000 and the payment of \$61,934 in interest. Following is a summary of changes in long-term debt for the year ended June 30, 2010:

Description & Purpose	Balance <u>July 1, 2009</u>	Issued (Retired)	Balance <u>June 30, 2010</u>	Due Within <u>One Year</u>
General Obligation - Refunding Bonds Series 2004	\$ 780,000	\$ (100,000)	\$ 680,000	\$ 100,000
General Obligation Bonds Series 2003	<u>935,000</u>	<u>(10,000)</u>	<u>925,000</u>	<u>10,000</u>
Total	\$ <u>1,715,000</u>	\$ <u>(110,000)</u>	\$ <u>1,605,000</u>	\$ <u>110,000</u>

## NOTE 10. Property Tax Calendar

Property taxes for fiscal year 2010 were levied August 1, 2009 on the assessed property located in Jessamine 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. Face value payment period	To December 31
3. Past due date, 5% penalty	January 1
4. Interest charge	16% per annum effective February 1

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



Leta G. Mattingly, CPA  
Nancy J. Clark, CPA  
Verónica L. Roberts

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*Charles D. Fain, III, CPA*  
*(1955-2002)*  
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*Members of*  
*Kentucky Society of*  
*Certified Public Accountants*  
  
*American Institute of*  
*Certified Public Accountants*

Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards

The Board of Trustees  
Jessamine County Public Library  
Taxing District  
Nicholasville, Kentucky

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jessamine County Public Library Taxing District (Library), as of and for the year ended June 30, 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated November 17, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Jessamine County Public Library Taxing District's internal control over financial reporting in order to determine 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 Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards (Continued)

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jessamine County Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, management and appropriate grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Letia Mattingly CPA". The signature is fluid and cursive, with the letters "Letia" and "Mattingly" connected, and "CPA" written separately to the right.

Fain, Mattingly & Associates, P.S.C.  
Certified Public Accountants

November 17, 2010

