

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Financial Statements and Supplemental Information

June 30, 2011

With Independent Auditors' Report Thereon

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JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

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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, 2011.

The Jessamine County Public Library, located in Nicholasville, Kentucky, has a central location in the county of approximately 48,586 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 1.0% of the budget is from the State of Kentucky.

Financial Highlights

- The Library's assets exceeded its liabilities by \$6,697,951 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$5,843,887.
- Total net assets are comprised of the following:
 - Capital assets, net of related debt, of \$4,008,386 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 \$23 are restricted by constraints imposed from outside the Library such as debt covenants, grantors, laws, or regulation.
 - Unrestricted net assets of \$2,689,542 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 \$2,697,284 this year. This compares to the prior year ending fund balance of \$1,881,209 showing an increase of \$816,075 during the current year. This increase includes general fund revenues of \$816,053 and debt service funds show an increase of \$22.
- At the end of the current fiscal year, the fund balance for the General Fund was \$2,697,261, or 89.3% of total General Fund expenditures including transfers and 119.61% of total General Fund revenues including transfers.
- Total liabilities of the Library increased by \$122,424 to \$1,725,906 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 \$6,697,951. This is a \$854,064 increase over last year's net assets of \$5,843,887. The following table provides a summary of the Library's net assets:

	<u>Government Net Assets</u>		Amount	Percent
	6/30/11	6/30/10	Change	Change
Assets				
Current and other Assets	2,717,682	1,909,144	808,538	42.35%
Capital Assets	5,706,175	5,538,225	167,950	3.03%
Total Assets	8,423,857	7,447,369	976,488	13.11%
Liabilities				
Current Liabilities	237,772	152,869	-84,903	-55.54%
Long-Term Liabilities	1,488,134	1,450,613	-37,521	-2.59%
Total Liabilities	1,725,906	1,603,482	-122,424	-7.63%
Net Assets				
Inv. In Cap. Assets, Net of Debt	4,008,386	3,960,640	47,746	1.21%
Restricted	23	1	22	2200.00%
Unrestricted	2,689,542	1,883,246	806,296	42.81%
TOTAL NET ASSETS	6,697,951	5,843,887	854,064	14.61%

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 2011.

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 17.0%.

General fund expenditures during the current fiscal year were \$816,053 less than the revenues and government-wide expenses were \$854,064 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
	6/30/11	6/30/10	Change	Change
Revenue				
Book fines and copy fees	76,054	86,513	-10,459	-12.09%
Operating Grants, etc.	31,275	54,842	-23,567	-42.97%
General Revenues				
Property Taxes	2,871,015	2,443,860	427,155	17.48%
State Funding		2,200	-2,200	-100.00%
Interest and Investment Income	20,284	19,158	1,126	5.88%
Other revenues	2,622	3,739	-1,117	-29.87%
Total Revenues	3,001,250	2,610,312	390,938	14.98%
Total Expenses	2,147,186	2,158,832	11,646	0.54%
Change in Net Assets	854,064	451,480	402,584	89.17%
Net Assets beginning of year	5,843,887	5,392,407	451,480	8.37%
Net Assets end of year	6,697,951	5,843,887	830,772	14.22%

As mentioned earlier and illustrated above, the Library relies heavily upon property taxes to support governmental operations. Property taxes provided 95.66% and 93.71 % of the Library's total governmental revenues in fiscal years 2011 and 2010.

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 \$2,697,284. Of this year-end total, approximately \$2,240,143 is unreserved indicating availability for continuing Library service requirements. Non-spendable funds of \$5,991 in inventories and assigned funds of \$451,127, committed to provide for future building expansion and repairs, existed at year end. Restricted funds consist of \$23 in debt service bank accounts.

The total ending fund balances of governmental funds show an increase of \$816,075 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 \$816,053. Key factors contributing to this were conservative budgeting and close monitoring of expenditures.

The Debt Service Fund has a fund balance of \$23. 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, 2011 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 2011 was \$2,495,000. This was an increase of \$165,943 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, 2011, was \$5,706,175. The total increase in this net investment was \$167,950 or 67.74% for the Library's total assets.

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 Library increased debt with a note payable for \$215,459 and a net capital lease for \$10,632. The remaining notes, lease and bonds payable of net of amortization, plus accrued interest payable are \$1,697,787. Long-term debt increased by \$120,203 for the year or 7.6% 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.



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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, 2011, 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, 2011, 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 23, 2011, 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, reading "Fain Mattingly CPA". The signature is written in a cursive, flowing style.

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

November 23, 2011

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Statement of Net Assets

June 30, 2011

		Total Governmental Activities
<u>Assets</u>		
Cash and current assets		
Cash	\$ 972,811	\$
Investments	1,279,821	
Revenue receivable	7,909	
Inventory for resale	5,991	
Investments restricted	451,150	
Total cash and current assets		2,717,682
<u>Capital Assets</u>		
Land	1,111,673	
Books and A/V material	1,675,153	
Other capital assets, net of depreciation	2,919,349	
Total capital assets		5,706,175
Total Assets		\$ 8,423,857
<u>Liabilities</u>		
Current Liabilities		
Accounts payable	\$ 11,489	\$
Deferred revenues	1,000	
Compensated absence	15,630	
Total current liabilities		28,119
<u>Current Portion Debt of Long-term Debt</u>		
Current interest payable	15,878	
Current debt payable	73,775	
Current bond payable	120,000	
Total current portion of long-term debt		209,653
<u>Long-term Debt</u>		
Lease payable	6,181	
Note payable	146,134	
General obligation bond payable	1,375,000	
Discount on bonds, issue costs net amortization	(39,181)	
Total long-term debt		1,488,134
Total Liabilities		1,725,906
<u>Net Assets</u>		
Invested in capital assets, net of capital assets, net of related debt		4,008,386
Restricted for:		
Debt service	23	
Total restricted		23
Unrestricted Net Assets		
Total unrestricted		2,689,542
Total Net Assets		6,697,951
Total Liabilities and Net Assets		\$ 8,423,857

See accompanying notes to financial statements.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT
Statement of Activities
For The Year Ended June 30, 2011

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions Revenues</u>	<u>Capital Grants & Contributions Revenues</u>	<u>Net (Expense) Revenue</u>
Primary government:					
Compensation	\$ 1,206,443	\$	\$	\$	\$ (1,206,443)
Library materials	328,144				(328,144)
Operating expenses	312,754		(26,795)	(4,480)	(281,479)
Depreciation expense	206,339				(206,339)
Interest expense	60,553				(60,553)
Amortization bond discount	5,206				(5,206)
Adjustment books and AV	27,747				(27,747)
Total Primary Government	<u>\$ 2,147,186</u>	<u>\$ 0</u>	<u>\$ (26,795)</u>	<u>\$ (4,480)</u>	<u>(2,115,911)</u>
Revenues					
District tax					2,871,015
Other revenue					78,676
Interest Income					24,146
Investment income					<u>(3,862)</u>
Total General Revenues					<u>2,969,975</u>
Excess of Revenues Over (Under)					854,064
Change in Net Assets					
Net assets beginning of year - 7/1/10					<u>5,843,887</u>
Net assets end of year - 6/30/11					<u>\$ 6,697,951</u>

See accompanying notes to financial statements.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Debt Service	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 972,811	\$	\$ 972,811
Investments	1,279,821		1,279,821
Investments restricted	451,127	23	451,150
Inventory for resale	5,991		5,991
Total Assets	\$ 2,709,750	\$ 23	\$ 2,709,773
<u>Liabilities & Fund Equities</u>			
<u>Liabilities</u>			
Accounts payable	\$ 11,489	\$	\$ 11,489
Deferred revenues	1,000		1,000
Total Liabilities	12,489	0	12,489
<u>Fund Balances</u>			
Nonspendable			
Inventories and prepaid expenses	5,991		5,991
Restricted for debt service		23	23
Assigned for:			
Assigned to building fund	451,127		451,127
Unassigned	2,240,143		2,240,143
Total Fund Balance	2,697,261	23	2,697,284
Total Liabilities and Fund Balance	\$ 2,709,750	\$ 23	\$ 2,709,773

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, 2011

Total fund balance - total governmental funds	\$ 2,697,284
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets of \$7,602,213, net of accumulated depreciation of \$1,896,038, are not financial resources and, therefore are not reported in the funds. See the accompanying notes for additional detail.	5,706,175
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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.	7,909
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Long-term liabilities of \$1,721,090 are not due and payable in the current period and are not reported in the funds, as well as unamortized bond discount of \$39,181, and bond interest payable of \$15,878. See the accompanying notes for detail.	(1,697,787)
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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>(15,630)</u>
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Net assets of governmental activities	\$ <u><u>6,697,951</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, 2011

	General Fund	Debt Service	Total Governmental Funds
Revenues:			
District tax	\$ 2,871,015	\$	\$ 2,871,015
State aid	31,275		31,275
Copy fees & book fines	76,054		76,054
Investment income	29,595	22	29,617
Resale items (net of cost of goods sold)	267		267
Miscellaneous	2,355		2,355
Total Revenues	<u>3,010,561</u>	<u>22</u>	<u>3,010,583</u>
Expenditures:			
Compensation	1,202,134		1,202,134
Library materials	328,144		328,144
Programming	20,776		20,776
Operating expenses	377,220		377,220
Outreach program	7,405		7,405
Bond expense		110,000	110,000
Interest expense		58,684	58,684
Furniture & equipment	32,623		32,623
Computer & software	24,457		24,457
New construction	245,561		245,561
Total Expenditures	<u>2,238,320</u>	<u>168,684</u>	<u>2,407,004</u>
Excess of Revenues Over (Under) Expenditures	<u>772,241</u>	<u>(168,662)</u>	<u>603,579</u>
Other Financing Sources (Uses)			
Loan proceeds	215,459		215,459
Interest expense	(2,963)		(2,963)
Debt service	(168,684)	168,684	0
Total Other Financing Sources (Uses)	<u>43,812</u>	<u>168,684</u>	<u>212,496</u>
Excess of Revenues and Other Financing Sources Over (Under) Net change in fund balance	816,053	22	816,075
Fund Balance			
Beginning of Year - 7/1/10	<u>1,881,208</u>	<u>1</u>	<u>1,881,209</u>
Fund Balance			
End of Year - 6/30/11	<u>\$ 2,697,261</u>	<u>\$ 23</u>	<u>\$ 2,697,284</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, 2011

Net change in fund balances - total governmental funds	\$	816,075
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		405,920
Depreciation expense		(206,339)
Adjustment books & A/V materials		(27,747)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(5,449)
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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.		(120,204)
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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>(8,192)</u>
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Change in net assets of governmental activities	\$	<u><u>854,064</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, 2011

Revenues	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Taxes					
Ad Valorem	\$ 100,388	\$	\$ 100,388	\$ 141,472	\$ (41,084)
Delinquent	70,057		70,057	88,207	(18,150)
Deferred	2,180,720		2,180,720	2,584,550	(403,830)
Inter county motor vehicle	9,840		9,840	20,010	(10,170)
Omitted tangible	12,830		12,830	16,267	(3,437)
Telecommunications tax	18,165		18,165	20,509	(2,344)
Total Taxes	2,392,000	0	2,392,000	2,871,015	(479,015)
State Funding					
Per capita income	24,000		24,000	26,795	(2,795)
Other grants				4,480	(4,480)
Total State Funding	24,000	0	24,000	31,275	(7,275)
Other Income					
Gift income	2,500		2,500	4,405	(1,905)
Fines & copies	65,000		65,000	71,649	(6,649)
Staff purchase reimbursements & other	500		500	2,355	(1,855)
Resale items (net of cost of goods sold)	1,000		1,000	267	733
Interest income	10,000		10,000	29,595	(19,595)
Total Other	79,000	0	79,000	108,271	(29,271)
Total Revenues	2,495,000	0	2,495,000	3,010,561	(515,561)
Prior year fund balance					
Appropriated for current year budget				1,881,208	(1,881,208)
Total revenues & prior year fund balance	2,495,000	0	2,495,000	4,891,769	(2,396,769)

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, 2011

Expenditures	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Compensation					
Salaries	\$ 895,477	\$ 4,157	\$ 899,634	\$ 873,906	\$ (25,728)
Payroll taxes	68,504	331	68,835	61,422	(7,413)
Retirement	105,283		105,283	103,404	(1,879)
Medical insurance	171,600		171,600	152,381	(19,219)
Workers' compensation	6,000		6,000	6,033	33
Other employee expenses	8,500		8,500	4,988	(3,512)
Total Compensation	1,255,364	4,488	1,259,852	1,202,134	(57,718)
Library Materials					
Books	171,980		171,980	172,061	81
Periodicals	8,000		8,000	6,991	(1,009)
Audio visual	92,250	3,100	95,350	92,923	(2,427)
Binding/processing	19,500		19,500	18,862	(638)
Electronic licenses	35,500	2,399	37,899	37,307	(592)
Total Library Materials	327,230	5,499	332,729	328,144	(4,585)
Operating Expenditures					
Utilities	43,000		43,000	44,532	1,532
Communications	6,400		6,400	4,940	(1,460)
Building maintenance	13,000		13,000	12,630	(370)
Building & equipment repairs	45,000		45,000	43,690	(1,310)
Insurance & bonding	24,000		20,017	20,017	0
Professional fees	16,200	(3,983)	16,200	15,432	(768)
Janitorial & landscape service	45,000		45,000	45,851	851
Contract labor	27,000		27,000	23,033	(3,967)
Computer repairs & maintenance	59,680	1,989	61,669	52,762	(8,907)
Office supplies	16,000		16,000	23,300	7,300
Postage	8,000		8,000	3,306	(4,694)
Copier & other maintenance leases	17,000		17,000	15,983	(1,017)
Programming supplies	22,000		22,000	20,776	(1,224)

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, 2011

	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Public relations	\$ 32,000	\$ (17)	\$ 31,983	\$ 30,924	(1,059)
Continuing education/training	30,000		30,000	28,380	(1,620)
Outreach program	9,000		9,000	7,405	(1,595)
Board expense	1,000		1,000	524	(476)
Other staff expenses	9,400	4,000	13,400	11,916	(1,484)
Total Operating Expenditures	423,680	1,989	425,669	405,401	(20,268)
Other Financing Sources (Uses)					
Loan Proceeds				(215,459)	(215,459)
Furniture & equipment	10,200	(4,200)	6,000	32,623	26,623
Computer & software	22,000		22,000	24,457	2,457
Capital construction		50,400	50,400	245,561	195,161
Interest expense				2,963	2,963
Transfer to debt service	194,000		194,000	168,684	(25,316)
Total Other Expenditures	226,200	46,200	272,400	258,829	(13,571)
Total Expenditures	\$ 2,232,474	\$ 58,176	\$ 2,290,650	\$ 2,194,508	(96,142)
Excess of revenues and other sources over expenditures, encumbrances, and other uses	262,526	(58,176)	204,350	2,697,261	2,492,911
Less reserve for future uses	(262,526)	58,176	(204,350)		204,350
Change in fund balance	0	0	0	2,697,261	2,697,261
Prior year fund balance.					
Fund balance, beginning(Non-GAAP budgetary basis)	\$ 1,881,208	\$	\$ 1,881,208	1,881,208	0
Less prior year fund balance (1)	0		0	(1,881,208)	(1,881,208)
Fund balance, ending(Non-GAAP budgetary basis)	\$ 1,881,208	\$ 0	\$ 1,881,208	2,697,261	\$ 816,053

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

None needed

Fund balance, ending (GAAP basis)

\$ 2,697,261

(1) The General Fund budget includes \$1,881,208 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, 2011

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, 2011

NOTE 1. Summary of Significant Accounting Policies (Continued)

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 6.8 per \$100.00 of assessed real property and 17.13 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.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT
Notes to Financial Statements (Continued)
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (Continued)

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.

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 funds as non-spendable, restricted, committed, assigned or unassigned as defined by GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Resources are used first by restrictions to fund appropriations and then unassigned resources are depleted.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

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:

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>1,695,153</u>	
		<u>\$ 2,806,826</u>

Assets being depreciated:

Building	\$ 3,262,686	
Building Improvement	717,983	
Furniture & equipment	336,792	
Software	263,154	
Computer equipment	234,772	
Accumulated depreciation	<u>(1,896,038)</u>	
		<u>\$ 2,919,349</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.

Lease payable	\$ 10,631	
Note payable	215,459	
Bond payable	1,495,000	
Bond interest payable	15,878	
Unamortized bond discount	<u>(39,181)</u>	
		<u>\$ 1,697,787</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 \$7,909 and compensated absences of \$15,630 were reported.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT
Notes to Financial Statements (Continued)
June 30, 2011

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

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:

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 \$3,884. 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	\$ (1,092)
Proceeds from debt	226,090
Amortization of discount	5,206
Principal payment made	<u>(110,000)</u>
	<u>\$ 120,204</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 \$4,309 were added to compensation absence payable.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT
Notes to Financial Statements (Continued)
June 30, 2011

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

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.

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, 2011, the carrying amounts of the Library's deposits were \$2,703,782 and the bank balances were \$ 2,568,052. 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 \$ 1,304,837.

Category 2. Collateralized with securities held by the pledging financial institution \$ 1,112,870.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 3. Cash and Investments (cont.)

Category 3. Uncollateralized \$ 150,345.

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, 2011 held investments of \$23 in cash. Cash on hand equaled \$130. The financial statements reflect the following accounts:

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Total Funds</u>
<u>CASH</u>			
Checking	\$ 968,421	\$	\$ 968,421
FSA	4,260		4,260
Petty cash	130		130
Total Cash Accounts	<u>972,811</u>	<u>\$ -</u>	<u>972,811</u>
<u>INVESTMENTS</u>			
Certificates of Deposits	1,026,097	451,127	1,477,224
Money Market	253,724	23	253,747
Total Investments	<u>1,279,821</u>	<u>451,150</u>	<u>1,730,971</u>
Total Cash & Investments	<u>\$ 2,252,632</u>	<u>\$ 451,150</u>	<u>\$ 2,703,782</u>

NOTE 4. Revenues and Receivables

The Library's revenues, as explained in note one, are primarily from tax revenues, 95.4% and state aid and grants 1.0%. Copies, fines and fees comprise 2.4% during the current fiscal year, which includes \$5,683 of grant revenues from the previous year that was collected during the current year.

Fund receivables consist of revenues that have been earned, but have not yet been received. There are no receivables for the general fund on the modified basis as of June 30, 2011. Government-wide interest receivable on certificates of deposits that has been earned, but not yet received has been accrued for \$7,909.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

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	\$	5,528	Sales gross	\$	1,249
Inventory purchased		1,445			
Cost of goods sold		<u>(982)</u>	Cost of goods sold		<u>(982)</u>
Ending inventory	\$	<u>5,991</u>	Net sales	\$	<u>267</u>

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. Employees contributed \$32,282 during the current fiscal year. The Library contributed 16.93% for the current fiscal year on behalf of each participating employee. Retirement plan expense to the Library for the fiscal year ended June 30, 2011 was \$103,404.

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, 2011 was \$152,381.

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 2011, prior accrued vacation pay of \$11,321 was used and lowered compensation expense. Vacation pay earned and accrued during 2011 was \$15,630. The amounts netted, resulted in an decrease of compensation of \$4,309.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT
Notes to Financial Statements (Continued)
June 30, 2011

NOTE 6. Employee Benefits (cont.)

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.

NOTE 7. Capital Assets

During the year, the Library renovated the HVAC system to extend the life of the current units at a cost of \$245,562. Computers and other electronics were purchased totaling \$131,484 and discarded obsolete technology equipment with a book value of \$156. Other purchases were for furniture, library equipment and flooring totaling \$28,874. The Library sold some of the coffee shop appliances with a book value of \$3,728 for \$2,355, resulting in a government-wide loss of \$1,373. Depreciation expense of \$206,339 was taken and the collection decreased in value due to a large number of discards by \$27,747.

Capital asset activity for the year ended June 30, 2011 was as follows:

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 7. Capital Assets (cont.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land & easements	\$ 1,111,673	\$	\$	\$ 1,111,673
Books & A/V material	<u>1,702,900</u>		<u>27,747</u>	<u>1,675,153</u>
	<u>2,814,573</u>	<u>0</u>	<u>27,747</u>	<u>2,786,826</u>
Capital assets, being depreciated:				
Building	3,262,686			3,262,686
Building improvements	472,421	245,562		717,983
Furniture & equipment	313,418	28,874	5,500	336,792
Software	263,154			263,154
Electronic equipment	116,153	131,484	12,865	234,772
Less accumulated depreciation	<u>(1,704,180)</u>	<u>(206,339)</u>	<u>(14,481)</u>	<u>(1,896,038)</u>
Total assets being depreciated, net	<u>2,723,652</u>	<u>199,581</u>	<u>3,884</u>	<u>2,919,349</u>
Total Governmental Activities Capital assets net	\$ <u>5,538,225</u>	\$ <u>199,581</u>	\$ <u>31,631</u>	\$ <u>5,706,175</u>

NOTE 8. Fund Balances and Net Assets

The Library has the following governmental fund balances.

Non-spendable fund balance is associated with inventories, prepaid, or other non-spendable items. The Library has non-spendable inventory in the amount of \$5,991.

Restricted fund balances included amounts that can only be spent for specific purposes. The Library's restricted funds consist of \$23 for debt service reduction.

Committed fund balances include amounts that can be used only for specific purposes. The Library has no committed fund balances.

Assigned fund balanced are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Library has assigned \$451,127 for future building fund expansion and repairs.

Unassigned funds consist of the residual classification of the general funds spendable amount not contained in the other classification. The Library's unassigned funds are \$2,240,143.

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 8. Fund Balances and Net Assets (cont.)

The government-wide classifications consist of three categories.

Invested in capital assets, net of related debt, which includes all fixed assets less depreciation less the amount of debt related to the acquisition of those assets. The Library has capital assets less capital debt of \$4,008,386.

Restricted for the specific purpose and cannot be used for other purposes. The Library has \$23 restricted for debt reductions.

Unrestricted which consist of remaining net assets not included above. The Library's unrestricted net assets as of June 30, 2011 were \$2,689,542.

NOTE 9. Long-Term Debt

Bonds Payable

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
2009	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>

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 9. Long-Term Debt (cont.)

Bonds Payable (cont.)

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.

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
2009	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>	

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 9. Long-Term Debt (cont.)

Bonds Payable (cont.)

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.

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
2009	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	120,000	3.700
Total	<u>\$ 970,000</u>	

Bond Debt Service Requirements to Maturity are listed below:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	135,000	37,419	172,419
2017- 2021	590,000	128,954	718,954
2022-2026	270,000	16,981	286,981
Total	<u>\$ 1,495,000</u>	<u>\$ 378,485</u>	<u>\$ 1,873,485</u>

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 9. Long-Term Debt (cont.)**Bonds Payable (cont.)****Notes Payable:**

In August 2010, the Library began renovation of the HVAC system of the Library and entered into an agreement for a line of credit at 3.5%. Draws for construction during the current year were \$215,459. Interest and loan fees of \$2,963 were paid. At year end the Library began a three year repayment plan with the bank at 3.5% interest. As of June 30, 2011, the future debt service payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 69,325	\$ 6,436	\$ 75,761
2013	71,790	3,970	75,760
2014	74,344	1,417	75,761
Totals	\$ <u>215,459</u>	\$ <u>11,823</u>	\$ <u>227,282</u>

Capital Leases:

In 2010, the Library entered into a lease agreement with Dell to finance the acquisition of eighteen computers, for public use. The 36 month lease, at an imputed interest rate of 3.50%, has monthly payments of \$396 thru October 2013. During the current year, principal of \$2,882 and interest of \$286 were paid. The lease includes a monthly management fee of \$16. The outstanding principal as of June 30, 2011 totals \$10,632.

As of June 30, 2011, the future minimum lease payments under the above outstanding lease are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,450	\$ 301	\$ 4,751
2013	4,609	143	4,752
2014	1,572	11	1,583
Totals	\$ <u>10,631</u>	\$ <u>455</u>	\$ <u>11,086</u>

JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 9. Long-Term Debt (cont.)

Debt reduction included redemption of bonds for \$110,000 and the payment of \$58,684 in related interest. Following is a summary of changes in long-term debt for the year ended June 30, 2011:

Description & Purpose	Balance July 1, 2010	Issued (Retired)	Balance June 30, 2011	Due Within One Year
GOB Series 2003	\$ 925,000	\$ (10,000)	\$ 915,000	\$ 10,000
GOB Series 2004	680,000	(100,000)	580,000	110,000
Note Payable		215,459	215,459	69,325
Capital Lease		10,631	10,631	4,450
Totals	\$ 1,605,000	\$ 116,090	\$ 1,721,090	\$ 193,775

NOTE 10. Property Tax Calendar

Property taxes for fiscal year 2011 were levied August 1, 2010 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:

Description	Date Per K.R.S. 134.020
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.