

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

**Financial Statements and Supplemental Information**

**June 30, 2016**

**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	9-11
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position	15
Statement of Revenues, Expenditures & Changes in Fund Balances All Governmental Fund Types	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18-41
 <b>Required Supplemental Information</b>	
Statement of Revenues, Expenditures & Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis)	43-45
Schedules of Proportionate Share of the Net Pension Liability and Contributions	46
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	47-49

## **MANAGEMENT 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, 2016.

The Jessamine County Public Library, located in Nicholasville, Kentucky, has a central location in the county of approximately 52,000 residents. Jessamine County has a long history of library support, starting with the Acme Book Club in 1896 and continuing through six library buildings of increasing size to the current 41,000 square foot facility.

The Library, which has approximately 45,000 registered customers, offers weekly programs for infants, toddlers, and preschoolers as well as biweekly teen programs and adult programs. The collection includes books (both print and downloadable e-books), periodicals (both print and downloadable from the Internet), DVDs, online streaming movies, audio books (on CD and downloadable from the Internet), music (on CD and downloadable from the Internet), electronic databases, and public computers. The library has outreach services for 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 approved by a vote of the elected fiscal court magistrates. The Board 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.

### **Financial Highlights**

- The Library's assets exceeded its liabilities by \$9,054,007(net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$8,231,834.
- Total net assets are comprised of the following:
  - Capital assets, net of related debt, of \$12,857,922 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - Unrestricted net assets of \$1,425,471 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 \$3,165,035 this year. This compares to the prior year ending fund balance of \$2,855,464 showing an increase of \$107,484 during the current year. This increase includes general fund operating revenues of \$1,024,534 and debt service funds closing to zero as the final bond

payment was made less other financing sources and uses netting to an increase of \$107,484.

- At the end of the current fiscal year, the fund balance for the General Fund was \$2,962,948 or 34.889% of total General Fund expenditures including transfers and 34.45% of total General Fund revenues including transfers.
- Total liabilities of the Library increased by \$4,777,560 to \$7,276,218 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 Position*. 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 position*. Over time, increases or decreases in net position 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 position 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 position may be observed and used to discuss the changing financial position of the Library as a whole.

The Library's net position at fiscal year-end is \$9,054,007. This is a \$822,173 increase over last year's net position of \$8,231,834. The following table provides a summary of the Library's net position:

	<u>Government Net Assets</u>		<u>Amount</u>	<u>Percent</u>
	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>	<u>Change</u>
<b>Assets</b>				
Current and other Assets	3,167,078	2,920,329	246,749	8.45%
Capital Assets	12,857,922	7,778,632	5,079,290	65.30%
<b>Total Assets</b>	<b>16,025,000</b>	<b>10,698,961</b>	<b>5,326,039</b>	<b>49.78%</b>
<b>Deferred Outflows-Debt</b>	<b>0</b>	<b>3,782</b>	<b>-3,782</b>	<b>-100.00%</b>
<b>Deferred Outflows-Pension</b>	<b>422,825</b>	<b>174,749</b>	<b>248,076</b>	<b>141.96%</b>
<b>Liabilities</b>				
Current Liabilities	384,344	176,065	-208,279	-118.30%
Long-Term Liabilities	5,072,991	1,002,593	-4,070,398	-405.99%
Net Pension Liability	1,818,883	1,320,000	-498,883	-37.79%
<b>Total Liabilities</b>	<b>7,276,218</b>	<b>2,498,658</b>	<b>-4,777,560</b>	<b>-191.21%</b>
<b>Deferred Inflows-Pension</b>	<b>117,600</b>	<b>147,000</b>	<b>-29,400</b>	<b>-20.00%</b>
<b>Net Position</b>				
Inv. In Cap. Assets, Net of Debt	7,628,536	6,652,527	976,009	14.67%
Assigned to Debt Service	0	31	-31	-100.00%
Unassigned	1,425,471	1,579,276	-153,805	-9.74%
<b>TOTAL NET POSITION</b>	<b>9,054,007</b>	<b>8,231,834</b>	<b>822,173</b>	<b>9.99%</b>

The Library reported positive balances in net position for governmental activities. Net position increased \$107,484 for governmental activities. The Library's overall financial position increased due to planned financing proceeds for the expansion and increased revenues.

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 12%.

General fund expenditures during the current fiscal year were \$415,441 less than the revenues and government-wide expenses were \$822,173 less than 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 position:

	<u>Government Activities</u>		Amount	Percent
	6/30/16	6/30/15	Change	Change
<b>Revenue</b>				
Book fines and copy fees	49,124	7,290	41,834	573.85%
Operating Grants, etc.	28,106	39,076	-10,970	-28.07%
<b>General Revenues</b>				
Property Taxes	4,296,669	3,925,539	371,130	9.45%
Interest and Investment Income	-40,206	17,231	-57,437	-333.34%
Other revenues	10,413	32,044	-21,631	-67.50%
<b>Total Revenues</b>	<b>4,344,106</b>	<b>4,021,180</b>	<b>322,926</b>	<b>8.03%</b>
<b>Total Expenses</b>	<b>3,521,933</b>	<b>3,329,357</b>	<b>-192,576</b>	<b>-5.78%</b>
<b>Change in Net Assets</b>	<b>822,173</b>	<b>691,823</b>	<b>130,350</b>	<b>18.84%</b>
Net Assets beginning of year	8,231,834	7,540,011	691,823	9.18%
Prior Period Adjustment			0	#DIV/0!
Net Assets end of year	9,054,007	8,231,834	515,502	6.26%

As mentioned earlier and illustrated above, the Library relies heavily upon property taxes to support governmental operations. Property taxes provided 98.91% and 97.59 % of the Library's total governmental revenues in fiscal years 2016 and 2015.

## **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 \$3,165,035. Of this year-end total, approximately \$1,323,820 is unassigned indicating availability for continuing Library service requirements. Non-spendable funds consist of \$199,527 for inventories and other current assets and a stabilization amount of \$1,111,209. Funds have been assigned for the building expansion for \$328,392.

The total ending fund balances of governmental funds show an increase of \$107,484 from the prior year. This increase was due primarily to drawing on the construction loan to finance the expansion and using funds previously set aside funds for the expansion which concluded during the current year.

### **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 \$107,515. Key factors contributing to this were conservative budgeting and building expansion loan draws and expenditures.

The Debt Service Fund closed during the year as with the final bond payment. The balance in net position reflects the Library's continuing commitment to timing the issuance for debt with debt retirements supporting the objective of maintaining level Library property taxes at approximately 10.3 cents per hundred dollars in the year ended June 30, 2016. A 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 operating budget for fiscal year 2016 was originally and amended to \$3,923,947. This was a decrease of \$10,200 over the previous year's amended budget. Other financing sources and uses included drawing on the construction loan to cover expansion costs and the continued funding of the stabilization funds to provide operating funds during the coming years.

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, 2016, was \$7,778,632. The total increase in this net investment was \$2,690,886 for the expansion, 333,764 for other purchases less depreciation of \$472,696, increasing overall by 2.654.894. Capital assets comprise 80.2% for the Library's total assets.

### **Long-term debt**

The Library reduced long-term debt by a reduction of bond long-term debt with the final repayment of \$120,000 general obligation bonds. The remaining leases plus accrued interest payable are \$32,595 plus repayment of the construction loan of \$5,196,791. Long-term debt increased by \$4,220,584.

### **Pension Liability**

The Library's overall net pension liability increased by \$221,407. Net pension liability is \$1,818,883, deferred inflows are \$117,600 and deferred outflows are \$422,825.

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

The outlook for the Jessamine County Public Library 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. In order to facilitate services while preparing for economic uncertainty, the Board of Trustee allocated the surplus, noted above, into a restricted funds for Budget Stabilization. The Budget Stabilization monies will fund will library services expenditures in the event of a budget shortfall.

## **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, Executive Director, Jessamine County Public Library, 600 South Main Street, Nicholasville, Kentucky 40356.



Leta G. Mattingly, CPA  
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*Charles D. Fain, III, CPA  
(1955-2002)*  
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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 taxing district) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activity of the Library as of June 30, 2016, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

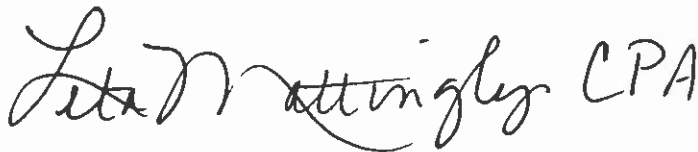
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension schedules on pages 2 through 8 and pages 43 through 46 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Supplementary Information*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Leta Mattingly CPA". The signature is fluid and cursive, with the letters "Leta" and "Mattingly" connected, and "CPA" written in a slightly more formal, upright style at the end.

Fain, Mattingly & Associates, P.S.C., CPAs  
Nicholasville, Kentucky  
November 11, 2016

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

Statement of Net Position

June 30, 2016

		Total Governmental Activities
<u>Assets</u>		
Cash and current assets		
Cash	\$ 1,650,827	\$
Investments	71,911	
Revenue receivable	2,179	
Inventory for resale	2,560	
Investments stabilization amount	1,111,209	
Investments-reserved for building	328,392	
Total cash and current assets		3,167,078
<u>Capital Assets</u>		
Land	1,111,673	
Books and A/V material	1,718,233	
Other capital assets, net of depreciation	10,028,016	
Total capital assets		12,857,922
Total Assets		16,025,000
Deferred Outflows of Resources-Pension		422,825
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts payable	194,629	
Payroll taxes payable	7,458	
Compensated absence	25,862	
Total current liabilities		227,949
<u>Current Portion of Long-term Debt</u>		
Current interest payable	1,979	
Current lease payable	13,187	
Current note payable	141,229	
Total current portion of long-term debt		156,395
<u>Long-term Debt</u>		
Lease payable	17,429	
Note payable	5,055,562	
Net pension liability	1,818,883	
Total long-term debt		6,891,874
Total Liabilities		7,276,218
Deferred Inflows of Resources-Pension		117,600
<u>Net Position</u>		
Net Investment in capital assets		7,628,536
Unrestricted Net Assets		1,425,471
Total Net Position	\$	\$ 9,054,007

See accompanying notes to financial statements.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Statement of Activities For The Year Ended June 30, 2016

Functions/Programs	<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>
Primary government:					
Compensation	\$ 2,101,817	\$	\$	\$	\$ (2,101,817)
Library materials	629,570				(629,570)
Operating expenses	728,941	(49,124)	(28,106)		(651,711)
Depreciation expense	472,696				(472,696)
Interest expense	4,455				(4,455)
Amortization bond discount	3,782				(3,782)
Adjustment books and AV	(419,328)				419,328
Total Primary Government	<u>\$ 3,521,933</u>	<u>\$ (49,124)</u>	<u>\$ (28,106)</u>	<u>\$ 0</u>	<u>(3,444,703)</u>
Revenues					
District tax					4,296,669
Other revenue					10,413
Interest Income					22,768
Investment income					(62,974)
Total General Revenues					<u>4,266,876</u>
Excess of Revenues Over (Under)					822,173
Change in Net Position					
Net position beginning of year - 7/1/15					<u>8,231,834</u>
Net position end of year - 6/30/16					<u>\$ 9,054,007</u>

See accompanying notes to financial statements

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Balance Sheet - Governmental Funds

June 30, 2016

	General Fund	Debt Service	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 1,650,827	\$	\$ 1,650,827
Investments	71,911		71,911
Investments stabilization amount	1,111,209		1,111,209
Investments reserved building	328,392		328,392
Revenue receivable	136		136
Inventory for resale	2,560		2,560
Total Assets	\$ 3,165,035	\$ 0	\$ 3,165,035
<u>Liabilities &amp; Fund Equities</u>			
<u>Liabilities</u>			
Accounts payable	\$ 194,629	\$	\$ 194,629
Payroll taxes payable	7,458		7,458
Total Liabilities	202,087	0	202,087
<u>Fund Balances</u>			
Nonspendable:			
Stabilization fund	1,111,209		1,111,209
Inventories and prepaid expenses	199,527		199,527
Assigned for:			
Assigned to building fund	328,392		328,392
Unassigned	1,323,820		1,323,820
Total Fund Balance	2,962,948	0	2,962,948
Total Liabilities and Fund Balance	\$ 3,165,035	\$ 0	\$ 3,165,035

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, 2016

Total fund balance - total governmental funds	\$ 2,962,948
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets of \$15,587,416, net of accumulated depreciation of \$2,729,495, are not financial resources and, therefore are not reported in the funds. See the accompanying notes for additional detail.	12,857,922
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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.	2,043
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Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,818,883)
---	-------------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions of \$244,815 equal deferred outflows of resources pension expense (from pension schedule) plus deferred outflow of 2016 employer contributions related to pensions.	422,825
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Deferred inflows of resources related to pensions (from pension schedule)	(117,600)
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Long-term liabilities of \$5,227,407 are not due and payable in the current period and are not reported in the funds, as well as note interest payable of \$1,979. See the accompanying notes for detail.	(5,229,386)
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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>(25,862)</u>
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Net assets of governmental activities	\$ <u><u>9,054,007</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, 2016**

	General Fund	Debt Service	Total Governmental Funds
<b>Revenues</b>			
District tax	\$ 4,296,669	\$	\$ 4,296,669
State aid	25,156		25,156
Gift income	2,950		2,950
Copy fees & book fines	49,124		49,124
Investment income	20,724	1	20,725
Resale items (net of cost of goods sold)	92		92
Miscellaneous	10,321		10,321
Total Revenues	<u>4,405,036</u>	<u>1</u>	<u>4,405,037</u>
<b>Expenditures:</b>			
Compensation	1,877,620		1,877,620
Library materials	629,570		629,570
Programming	105,601		105,601
Operating expenses	632,426		632,426
Outreach program	1,876		1,876
Bond expense		120,000	120,000
Lease expense		10,507	10,507
Interest expense		2,903	2,903
Total Expenditures	<u>3,247,093</u>	<u>133,410</u>	<u>3,380,503</u>
Excess of Revenues Over (Under)			
Expenditures	<u>1,157,943</u>	<u>(133,409)</u>	<u>1,024,534</u>
<b>Other Financing Sources (Uses)</b>			
Loan proceeds		4,196,791	4,196,791
Furniture & equipment	(268,521)		(268,521)
Computer & software	(87,456)		(87,456)
Other construction costs	(182,507)		(182,507)
Interest-construction loan	(70,640)		(70,640)
Work in process-expansion	(4,504,717)		(4,504,717)
Debt proceeds transfer	4,196,791	(4,196,791)	0
Debt service transfers	(133,378)	133,378	0
Total Other Financing Sources (Uses)	<u>(1,050,428)</u>	<u>133,378</u>	<u>(917,050)</u>
Excess of Revenues and Other Financing Sources Over (Under)			
Net change in fund balance	107,515	(31)	107,484
<b>Fund Balance</b>			
Beginning of Year - 7/1/15	<u>2,855,433</u>	<u>31</u>	<u>2,855,464</u>
<b>Fund Balance</b>			
End of Year - 6/30/16	<u>\$ 2,962,948</u>	<u>\$ 0</u>	<u>\$ 2,962,948</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, 2016

Net change in fund balances - total governmental funds \$ 107,484  
Amounts reported for *governmental activities* in the Statement  
of Net Position 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	5,195,633
Depreciation expense	(472,696)
Adjustment books & A/V materials	419,327
Net loss on disposal of computer equipment	(62,974)

Revenues on the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds. 2,043

Governmental funds report district pension contributions as expenditures.  
However in the Statement of Activities, the cost of pension benefits  
earned, net of employee contributions, is reported as pension expense.

District pension contributions	178,010
Cost of benefits earned net of employee contributions (pension expense from the pension schedule)	(399,417)

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 (4,103,280)

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. (41,957)

Change in net position of governmental activities \$ 822,173

See accompanying notes to financial statements

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements  
June 30, 2016

**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 position 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 position.

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Notes to Financial Statements

June 30, 2016

#### NOTE 1. Summary of Significant Accounting Policies (Continued)

##### D. Support and Revenue

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.

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 10.3 cents per \$100.00 of assessed real property and 19.52 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.

##### E. Cash and Cash Equivalents and Investments

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.

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Notes to Financial Statements

June 30, 2016

#### NOTE 1. Summary of Significant Accounting Policies (Continued)

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.

#### F. 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 position. 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

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 1. Summary of Significant Accounting Policies (Continued)

#### F. Capital Assets (continued)

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 position. 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.

#### G. 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.

#### H. 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.

#### I. Donated Services

Volunteers have contributed significant amounts of time to the operations of the Library. The financial statements do not reflect those contributed services.

#### J. 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

June 30, 2016

#### **NOTE 1. Summary of Significant Accounting Policies (Continued)**

##### **K. Subsequent Events**

Events or transactions that affect financial statement amounts or disclosures sometimes occur subsequent to period end, but before the financial statements are issued. Subsequent events, if applicable, may impact the current financial statements or may reveal conditions that did not exist at the financial statement date. The search for subsequent events is covered through the date of the auditors' report.

##### **L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the County Employers' Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **M. Deferred Outflows and Inflows**

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned, net of employee contributions, is reported as pension expense

#### **NOTE 2. Basis of Presentation**

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

###### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net position 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

June 30, 2016

#### **NOTE 2. Basis of Presentation**

##### **Government-wide and Fund Financial Statements (Continued)**

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, 2016, the carrying amounts of the Library's deposits were \$3,162,339 and the bank balances were \$ 3,258,250. 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:



# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

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

Category 1. Insured: \$ 532,771.

Category 2. Collateralized: Backed with securities held by the pledging financial institution \$2,475,479.

Category 3. Uncollateralized: None.

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. Cash on hand equaled \$330. The financial statements reflect the following accounts:

	Unrestricted Funds	Assigned Restricted Funds	Total
<u>CASH</u>			
Checking	\$ 1,648,743	\$	\$ 1,648,743
FSA	1,754		1,754
Petty cash	330		330
Total Cash Accounts	<u>1,650,827</u>	\$ <u>-</u>	<u>1,650,827</u>
<u>INVESTMENTS</u>			
Stabilization fund			
Certificates of Deposits		848,185	848,185
Money Market		263,024	263,024
Building Fund		328,392	328,392
Money Market	<u>71,911</u>		<u>71,911</u>
Total Investments	<u>71,911</u>	<u>1,439,601</u>	<u>1,511,512</u>
Total Cash & Investments	\$ <u>1,722,738</u>	\$ <u>1,439,601</u>	\$ <u>3,162,339</u>

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### **NOTE 4. Revenues, Receivables and Other Current Assets**

The Library's revenues, as explained in note one, are primarily from tax revenues, 97.54% and state aid and grants 0.64%. Copies, fines and fees comprise 1.12% during the current fiscal year and investments and other revenues comprise 0.70%.

Fund receivables consist of revenues that have been earned, but have not yet been received. The receivables for the general fund on the modified basis as of June 30, 2016 were \$136 and for the government-wide interest receivable \$2,043.

### **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	\$	1,826	Sales gross	\$	814
Inventory purchased		1,498			
Removed for library use		(42)			
Cost of goods sold		<u>(722)</u>	Cost of goods sold		<u>(722)</u>
Ending inventory	\$	<u>2,560</u>	Net sales	\$	<u>92</u>

### **NOTE 6. Employee Benefits**

#### 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, 2016 was \$225,574.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 6. Employee Benefits (cont.)

#### 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 fiscal year 2016, prior accrued vacation pay of \$23,072 was used and lowered compensation expense. Vacation pay earned and accrued during 2016 was \$25,862. The amounts netted, resulted in an increase of compensation of \$2,790.

#### 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

June 30, 2016

#### **NOTE 7. Post-Employment Health Care Benefits**

##### *Employees Participating in CERS*

All current employees participating in County Employees Retirement Systems (CERS) are eligible for healthcare benefits provided by KRS in conjunction with their pension service benefits described in Note 5. Retiree cost depends on length of service prior to retirement. Employer contribution rates are established annually by the KRS Board of Trustees. KRS issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other post-employment benefits for local government employees participating in CERS.

Under the provisions of the Kentucky Revised Statute Section 61.701, the Board of Trustees of KRS administers the KRS Insurance Fund. The KRS Insurance Fund was established as a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS: (1) KERS; (2) CERS; and (3) SPRS. Library employees participate in CERS. The assets for the KRS Insurance Fund are commingled for investment purposes.

The employer rates allocable to the health insurance benefits was 4.73% and 4.92% in 2016 and 2015 for non-hazardous employees and 9.35% and 13.58% for hazardous employees in 2016 and 2015. The contribution rates are created by statute and were 100% funded during 2016 and 2015.

At the time of completion of this audit, the KRS has not yet released their CAFR for the fiscal year ended June 30, 2016. The following information was extracted from the KRS CAFR for the fiscal year ended June 30, 2015:

The KRS Insurance fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2015, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$22.6 million and \$1.7 million respectively. For the fiscal year ended June 30, 2014, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$24.2 million and \$1.9 million, respectively. The KRS Insurance fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependent of retired hazardous members killed in the line of duty.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### **NOTE 7. Post-Employment Health Care Benefits (Continued)**

As of June 30, 2015, the KRS Insurance fund had 108,952 retirees and beneficiaries for whom benefits were available.

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years Of Service</u>	<u>Portion Paid by KRS Insurance Fund</u>
20+ years	100%
15 - 19 years	75%
10 - 14 years	50%
4 - 9 years	25%
Less than 4 years	0%

As a result of the 2004 House Bill 290 enacted by the Kentucky General Assembly, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees earn \$15 per month with the same participation dates. In addition, a hazardous employee's spouse receives \$10 per month for insurance benefits for each year of a deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to change in the consumer Price Index for all urban consumers.

Health insurance benefits are not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 7. Post-Employment Health Care Benefits (Continued)

In prior years, the employers' required medical insurance contribution rate was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal cost method within a 20 year period measured from 1987. In November 1992, the Board of Trustees adopted a fixed percentage contribution rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed. In May 1996, the Board of Trustees adopted a policy to increase the insurance contribution rate by the amount needed to achieve the target rate for full entry age normal funding within 20 years. The following table presents the schedule of funding progress for the KRS Insurance Fund as a whole:

Actuarial Value of Assets	AAL Entry Age Normal	Funded	Covered Payroll	Unfunded as a % of Covered Payroll
\$ 695,018,262	\$ 2,413,705,252	28.8%	\$ 1,544,234,409	111.3%
451,514,191	374,904,234	120.4%	126,680,130	-59.5%
1,997,456,463	2,907,827,440	68.7%	2,296,715,957	39.6%
1,087,707,118	1,504,015,233	72.3%	483,640,601	86.1%
167,774,940	254,838,710	65.8%	45,764,515	190.2%
<u>4,399,470,974</u>	<u>7,455,290,869</u>	59.0%	<u>4,497,035,612</u>	67.9%

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Notes to Financial Statements

June 30, 2016

#### NOTE 8. Retirement Plan

##### *Plan description*

The Library has elected to participate in the County Employees Retirement System (CERS), a multi-employer defined benefit plan pursuant to KRS 78.530. The plan is administered by the Board of Trustees of the Kentucky Retirement Systems. The plan is a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members employed in position of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. There are three different pension benefit tiers within the defined benefit plan. The tier under which an employee falls is determined by the employee's participation date. The benefits an employee receives under a specific tier depend upon various factors such as the employee's age, length of service, classification, total compensation, etc.

##### *Plan Membership*

All employees of Library and other participating entities (other than those who work less than the required number of hours) are members of the CERS. Members are vested after 60 months of contributed service. The Plan has two classification of members.

- Non-hazardous employees: At June 30, 2015, there were 82,969 active members, 72,965 inactive members entitled to but not yet receiving benefits and 48,515 retired members currently receiving benefits.
- Hazardous: employees: At June 30, 2015, there were 9,188 active members, 2,142 inactive members entitled to but not yet receiving benefits and 6,389 retired members currently receiving benefits.

The Library only has non-hazardous employees.

##### *Benefits Provided*

Benefits for employees with participation dates prior to September 1, 2008: *Non-hazardous employees* who retire at or after age 65 with at least 48 months of credited service are entitled to a normal retirement benefit, payable monthly for life, equal to 2.00% to 2.20% of their final-average salary (final compensation) multiplied by their years of service. Final-average salary is the employee's average of five fiscal years (for a non-hazardous employee) during which the employee had the highest average monthly salary. Benefits fully vest on reaching five years of service. Vested non-hazardous employees may retire after 27 years of service regardless of age and receive full benefits or retire after age 55 and receive reduced retirement benefits. The CERS also provides death and disability benefits that were established by Kentucky State Statutes.

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Notes to Financial Statements

June 30, 2016

#### NOTE 8. Retirement Plan (Continued)

##### *Contributions*

The payroll for employees covered by the CERS for the year ended June 30, 2016 totals approximately \$1,043,436. Covered non-hazardous employees are required by State statute to contribute 5.00% of their salaries to the plan. Covered non-hazardous employees are required by Kentucky State Statutes to contribute an additional 1% of their salaries to the plan if their participation date is on or after September 1, 2008. The Library's contractually required contribution rate for the year ended June 30, 2016, was 17.06% of the covered non-hazardous salaries, respectively, for the year ended June 30, 2016. Contributions to the pension plan from the District were \$178,010, \$174,749 and \$176,304 for the years ended June 30, 2016, 2015 and 2014 respectively.

##### *Reconciliation of Employer Contributions*

The reconciliation between the employer contributions used for the Schedule of Employer Allocations and the combining Statements of Changes in plan Net Position as of June 30, 2015 is presented below:

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2016, the Library reported a liability of \$1,818,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating special governments, actuarially determined. At June 30, 2015, the Library's proportion was 0.042300 percent, a change of 0.00162% more than the year before.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or



# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 8. Retirement Plan (Continued)

employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2016, is based on the June 30, 2015, actuarial valuation. As a result, there are differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period and other items are netted and amortized over a the expected service life for a closed twenty-eight year period.

For the year ended June 30, 2016, the Library recognized government-wide pension expense of \$399,417. At June 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,576	\$
Changes of assumptions	176,863	
Net difference between projected and actual investment earnings on Pension Plan Investments	13,044	
Change in proportion and differences between Library contributions and proportionate share of contributions	40,332	117,600
Library contributions subsequent to the measurement date	<u>178,010</u>	<u>          </u>
Total	\$ <u>422,825</u>	\$ <u>117,600</u>

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 8. Retirement Plan (Continued)

\$28,707 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2017	\$ (17,554)
2018	(17,554)
2019	(17,554)
2020	(17,554)
2021	8,585
Therafter	188,846

### Actuarial Methods and Assumptions

The total pension liability for KRS was determined by applying procedures to the actuarial valuation as of June 30, 2015. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, close
Remaining Amortization	28 years
Period	5-year smoothed market
Asset Valuation Method	3.25%
Inflation	4.%, average, including inflation
Salary Increase	7.5%, net of pension plan investm
Investment Rate of Return	including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 8. Retirement Plan (Continued)

#### Actuarial Methods and Assumptions (Continued)

mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Combined equity	44.00%	5.40%
Combined fixed income	19.00%	1.50%
Real return (Diversified Inflation Strategies)	10.00%	3.50%
Real estate	5.00%	4.50%
Absolute Return (Diversified Hedge Funds)	10.00%	4.25%
Private equity	10.00%	8.50%
Cash	2.00%	-0.25%
	<u>100.00%</u>	

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Notes to Financial Statements  
June 30, 2016

**NOTE 8. Retirement Plan (Continued)**

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.50%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Library's proportionate share of the Non-Hazardous Fund of the net pension liability calculated using the discount rate of 7.50% as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50 percent) or 1% higher (8.50 percent) than the current rate:

1%	Current	1%
Decrease	Discount Rate	Decrease
(6.50%)	(7.50%)	(8.50%)
2,321,795	1,818,883	1,387,842

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the Kentucky Retirement Systems.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 9. Capital Assets

During the year, the Library completed the expansion of the current library. Additional costs were \$5,160,176, which includes capitalized interest of \$81,830. Work in process totaling \$8,001,062 was placed in service and allocated to building & improvements of \$6,651,286, furniture and equipment of \$982,925 and \$366,851 to technology. Other additions to furniture and equipment totaled \$35,457. Obsolete or replaced equipment, leasehold improvements and software with an original cost of \$567,463 and depreciation \$504,489 were removed and the loss of \$62,974 is reported in the statement of activities. Depreciation expense of \$472,696 was taken and the collection increased in value by \$419,327.

Capital asset activity for the year ended June 30, 2016 was as follows:

	<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
Work in Process	2,840,886	5,160,176	8,001,062	0
Books & A/V material	<u>1,298,906</u>	<u>419,327</u>		<u>1,718,233</u>
	<u>5,251,465</u>	<u>5,579,503</u>	<u>8,001,062</u>	<u>2,829,906</u>
Capital assets, being depreciated:				
Building & improvement	4,127,106	6,651,286	379,060	10,399,332
Furniture & equipment	517,770	1,018,382	127,850	1,408,302
Software	275,658			275,658
Electronic equipment	367,921	366,851	60,553	674,219
Less accumulated depreciation	<u>(2,761,288)</u>	<u>(472,696)</u>	<u>(504,489)</u>	<u>(2,729,495)</u>
Total assets being depreciated, net	<u>2,527,167</u>	<u>7,563,823</u>	<u>62,974</u>	<u>10,028,016</u>
Total Governmental Activities Capital assets net	\$ <u><u>7,778,632</u></u>	\$ <u><u>13,143,326</u></u>	\$ <u><u>8,064,036</u></u>	\$ <u><u>12,857,922</u></u>

## JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

### Notes to Financial Statements

June 30, 2016

#### **NOTE 10. Fund Balances and Net Position**

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 \$2,560 and payables of \$202,087.

Restricted fund balances included amounts that can only be spent for specific purposes. The Library's restricted funds for debt service were closed with the repayment of the bond.

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 \$328,392 for additional costs related to construction and the current expansion. The Library has set a stabilization amount of \$1,111,209.

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 \$1,323,820.

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 \$7,628,536.

Restricted for the specific purpose and cannot be used for other purposes. The Library has no restricted funds at this time.

Unrestricted which consist of remaining not included above. The Library's unrestricted net assets as of June 30, 2016 were \$1,425,471.

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 11. Long-Term Debt

#### Bonds Payable

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. Savings from the early retirement of the 1995 bonds were calculated to be \$257,341. Funds required for refunding of \$1,262,825 less principal on bonds of \$1,195,000 plus discounts of \$41,335 resulted in a deferred gain on refunds of \$109,160. The economic gain was fully realized during previous years upon redemption of the original bonds.

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.

During the year ending June 30, 2016, the Library made the final payment on the above mentioned bonds of \$120,000 and interest of \$2,220.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**

**Notes to Financial Statements**

**June 30, 2016**

**NOTE 11. Long-Term Debt (cont.)**

**Bonds Payable (cont.)**

<u>Due Sept 1</u>	<u>Amount</u>	<u>Rate</u>
2005	\$90,000	2.000
2006	95,000	2.250
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
Totals	<u>\$1,155,000</u>	

**Construction Loan**

In July 2014, the Library entered into an agreement with Kentucky Bank for financing the remodel of the existing Library. The loan amount is \$6,500,000, of which \$4,196,791 was drawn during the current year, totaling \$5,196,791 as of June 30, 2016.

Repayment of the loan is a fixed rate of 2.78% for 10 years, with 18 months for construction and permanent financing for the balance. The loan will be amortized over a twenty year period and after the first 10 years, the loan converts to an adjustable rate loan, tied to the 5 year constant maturity of the Treasury rate plus 1.33%.

During the current year interest, of \$81,830 was paid and has been capitalized as part of the building expansion. The future debt service requirement for the note payable are as follows, with the start of repayment of principal to begin in November 2016.



**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT****Notes to Financial Statements****June 30, 2016****NOTE 11. Long-Term Debt (cont.)**

<u>Due 30-Jun</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$141,229	\$140,582	\$281,811
2018	215,546	135,924	351,470
2019	221,531	129,939	351,470
2020	227,683	123,788	351,471
2021	234,005	117,466	351,471
22-26	1,271,172	486,183	1,757,355
27-31	1,297,337	460,018	1,757,355
32-36	1,588,288	169,066	1,757,354
Totals	<u>\$5,196,791</u>	<u>\$1,762,966</u>	<u>\$6,959,757</u>

**Capital Leases:**

In 2014, the Library entered into a lease agreement with Dell to finance the acquisition of eighteen public use computers. The 36 month lease has an imputed interest rate of 1.50% and has monthly payment of \$540.81 through November 2016. During the current year, principal of \$6,184 and interest of \$305 were paid. The outstanding principal as of June 30, 2016 totals \$2,593.

During 2016, the Library entered into a lease agreement with Hewlett Packard to finance thirty-five public use computers. The 36 month lease has and imputed interest rate of 3.00% and has monthly payments of \$940.07 through January 2019. During the current year, principal of \$4,322 and interest of \$378 were paid. The outstanding principal as of June 30, 2016 totals \$28,023.

As of June 30, 2016, the future minimum lease payments under the above outstanding leases are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,187	\$ 798	\$ 13,985
2018	10,912	368	11,280
2019	6,517	64	6,581
	<u>\$ 30,616</u>	<u>\$ 1,230</u>	<u>\$ 31,846</u>

# JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT

## Notes to Financial Statements

June 30, 2016

### NOTE 11. Long-Term Debt (cont.)

Following is a summary of changes in long-term debt for the year ended June 30, 2016:

Description & Purpose	Balance July 1, 2015	Issued (Retired)	Balance June 30, 2016	Due Within One Year
GOB Series 2004	\$ 120,000	\$ (120,000)	\$ -	\$ -
KY Bank Loan	1,000,000	4,196,791	5,196,791	141,229
Capital Lease	8,777	(6,184)	2,593	2,593
Capital Lease		28,023	28,023	10,595
Totals	\$ 1,128,777	\$ 4,098,630	\$ 5,227,407	\$ 154,417

### NOTE 12. Property Tax Calendar

Property taxes for fiscal year 2016 were levied October 1, 2015 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.

## **Required Supplementary Information**

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
**General Fund**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)  
For The Year Ended June 30, 2016

	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Revenues					
Taxes					
Motor vehicles	\$ 100,000	\$	\$ 100,000	\$ 159,173	\$ (59,173)
Delinquent	50,848		50,848	47,989	2,859
Property taxes	3,640,797		3,640,797	4,017,729	(376,932)
Inter county motor vehicle	13,000		13,000	18,610	(5,610)
Omitted tangible	25,000		25,000	33,191	(8,191)
Telecommunications tax	20,000		20,000	19,977	23
Total Taxes	<u>3,849,645</u>	<u>0</u>	<u>3,849,645</u>	<u>4,296,669</u>	<u>(447,024)</u>
State Funding					
Per capita income	20,000		20,000	25,156	(5,156)
Other grants	2		2	0	2
Total State Funding	<u>20,002</u>	<u>0</u>	<u>20,002</u>	<u>25,156</u>	<u>(5,154)</u>
Other Income					
Gift income	3,500		3,500	2,950	550
Fines & copies	39,000		39,000	49,124	(10,124)
Staff purchase reimbursements & other	500		500	10,321	(9,821)
Resale items (net of cost of goods sold)	800		800	92	708
Interest income	10,500		10,500	20,724	(10,224)
Total Other	<u>54,300</u>	<u>0</u>	<u>54,300</u>	<u>83,211</u>	<u>(28,911)</u>
Total Revenues	<u>3,923,947</u>	<u>0</u>	<u>3,923,947</u>	<u>4,405,036</u>	<u>(481,089)</u>
Prior year fund balance					
Appropriated for current year budget				<u>2,855,433</u>	<u>(2,855,433)</u>
Total revenues & prior year fund balance	<u>3,923,947</u>	<u>0</u>	<u>3,923,947</u>	<u>7,260,469</u>	<u>(3,336,522)</u>

See accompanying notes to financial statements

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
**General Fund (Continued)**  
**Statement of Revenues and Expenditures and**  
**Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)**  
**For The Year Ended June 30, 2016**

	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
<b>Expenditures</b>					
Compensation					
Salaries	\$ 1,420,447	\$	\$ 1,420,447	\$ 1,360,155	\$ (60,292)
Payroll taxes	108,243		108,243	94,585	(13,658)
Retirement	195,117		195,117	179,459	(15,658)
Medical insurance	250,800		250,800	225,574	(25,226)
Unemployment/workers' compensation	23,000		23,000	16,810	(6,190)
Other employee expenses	3,000		3,000	1,037	(1,963)
Total Compensation	2,000,607	0	2,000,607	1,877,620	(122,987)
Library Materials					
Books	268,500		268,500	264,834	(3,666)
Periodicals	15,000		15,000	14,517	(483)
Audio visual	161,000		161,000	155,516	(5,484)
Electronic materials	85,000		85,000	71,714	(13,286)
Databases	60,000	3,000	63,000	62,686	(314)
Binding/processing	28,000		28,000	26,326	(1,674)
Electronic licenses	30,000	(3,000)	27,000	33,977	6,977
Total Library Materials	647,500	0	647,500	629,570	(17,930)
Operating Expenditures					
Utilities	70,000		70,000	47,100	(22,900)
Communications	18,000		18,000	33,902	15,902
Building maintenance	27,000	8,000	35,000	32,554	(2,446)
Building & equipment repairs	70,000	5,000	75,000	71,030	(3,970)
Insurance & bonding	45,000	(13,000)	32,000	31,373	(627)
Professional fees	23,000	(700)	22,300	21,064	(1,236)
Landscape service	11,000	(5,000)	6,000	2,600	(3,400)
Contract labor	32,000		32,000	25,418	(6,582)
Computer repairs & maintenance	173,400	9,700	183,100	174,357	(8,743)
Office supplies	34,000		34,000	35,905	1,905
Postage	7,000	(4,000)	3,000	2,399	(601)
Copier & other maintenance leases	29,000		29,000	22,177	(6,823)
Programming supplies	104,300		104,300	105,601	1,301
Public relations	82,500		82,500	80,095	(2,405)
Continuing education/training	58,500		58,500	42,405	(16,095)
Outreach program	5,500		5,500	1,876	(3,624)
Board expense	2,000		2,000	402	(1,598)
Other staff expenses	12,000		12,000	9,645	(2,355)
Total Operating Expenditures	804,200	0	804,200	739,903	(64,297)
Total Revenues Over Expenditures	471,640	0	471,640	4,013,376	(3,541,736)

See accompanying notes to financial statements

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
**General Fund (Continued)**  
**Statement of Revenues and Expenditures and**  
**Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)**  
**For The Year Ended June 30, 2016**

	Original Budget	Revisions	Revised Budget	Total Actual	(Favorable) Unfavorable Variance
Other Financing Sources (Uses)					
Transfer from Debt Service	\$ 4,200,000	\$	\$ 4,200,000	\$ 4,196,791	\$ 3,209
Furniture & equipment	(140,000)		(140,000)	(268,521)	128,521
Computer & software	(181,000)		(181,000)	(87,456)	(93,544)
Other construction costs			0	(182,507)	182,507
Interest-construction loan			0	(70,640)	70,640
Work in process-expansion	(4,200,000)		(4,200,000)	(4,504,717)	304,717
Transfer to debt service	(122,000)		(122,000)	(133,378)	11,378
Total Other Financing Sources (Uses)	(443,000)	0	(443,000)	(1,050,428)	607,428
Excess of revenues and other sources over expenditures, and other uses	\$ 28,640	\$ 0	\$ 28,640	\$ 2,962,948	\$ (2,934,308)
Release assigned funds				307,926	(307,926)
Less assigned for stabilization fund (2)	(28,640)		(28,640)		(28,640)
Change in fund balance	0	0	0	3,270,874	(3,270,874)
Prior year fund balance					
Fund balance, beginning(Non-GAAP budgetary basis)	\$ 2,855,433	\$	\$ 2,855,433	2,855,433	0
Less assigned prior year fund balance (1)	0	0	0	(2,855,433)	(2,855,433)
Fund balance, ending(Non-GAAP budgetary basis)	\$ 2,855,433	\$ 0	\$ 2,855,433	3,270,874	\$ 415,441

**ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Release assigned funds	(307,926)
Fund balance, ending (GAAP basis)	\$ 2,962,948

(1) The General Fund budget includes \$2,855,433 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.

(2) Previous general fund balances were set aside for building expansion and debt service. During the current year net assigned funds of \$307,926 were released.

See accompanying notes to financial statements

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Schedule of Proportionate Share of the Net Pension Liability  
County Employees Retirement System  
For The Year Ended June 30, 2016  
Last 10 fiscal Years\*

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.042300	0.040682
District's proportionate share of the net pension liability	\$ 1,818,883	\$ 1,320,000
District's covered-employee payroll	\$ 1,043,436	\$ 988,958
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.743166807	1.334738179
Plan fiduciary net position as a percentage of the total pension liability	0.599683876	0.668010176

\*Presented for those years for which the information is available.

**JESSAMINE COUNTY PUBLIC LIBRARY TAXING DISTRICT**  
Schedule of Contributions  
County Employees Retirement System  
For The Year Ended June 30, 2016  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 178,010	\$ 174,749
Contributions in relation to the contractually required contribution	<u>(178,010)</u>	<u>(174,749)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 1,043,436	\$ 988,958
Contributions as a percentage of covered- employee payroll	0.17060	0.17670

\*Presented for those years for which the information is available



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

-----  
*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*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jessamine County Public Library, a Library Taxing District, (Library), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated November 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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.



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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to management of the Library in a separate letter dated November 11, 2016.

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 "Leta Mattingly CPA". The signature is written in a cursive style with a large, stylized "L" and "M".

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

November 11, 2016

