

GRANT COUNTY PUBLIC LIBRARY
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2018

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GRANT COUNTY PUBLIC LIBRARY
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**DENISE M. KEENE
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INDEPENDENT AUDITOR'S REPORT

Board Members
Grant County Public Library
Williamstown, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grant County Public Library, as of and for the year ended June 30, 2018, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Grant County Public Library, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I to the financial statements, the Library adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6, and the Budgetary Comparison on page 29, Schedule of the Proportionate Share of the Net Pension Liability, on page 30, Schedule of the Pension Contributions on page 31, Schedule of the Library's Proportionate Share of the Net OPEB Liability on page 32, and the Schedule of the Library OPEB Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issue our report dated September 26, 2018 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 26, 2018

**GRANT COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
YEAR ENDED JUNE 30, 2018**

As management of the Grant County Public Library (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance for the Library was \$2,071,274.

The ending cash balance for the Library was \$5,305,989.

At the end of FY17 the library received \$1,424,813 in revenue, primarily from local taxes, fines and fees, and other charges. Additionally, State Funds contributed \$86,230 through the annual state contribution. The Library received \$13,224 from interest earned. The total income for the year was \$1,524,267. The total expenses for the year were \$1,770,660.

Over the last fiscal year the theme has been all about planning and building our new addition and construction and planning what will be in that building. This will also require changes in the way we work, staffing changes and policy and procedural adaptations or changes. The library did receive the state construction grant, but things were put on hold for a while. In the end we did not receive as much in the grant money as we had hoped but decided to go forward. I worked with Chip Sutherland from Hilliard Lyons and with Christian Juckett from Ruben Hays for securing the bond to finish the project. In the end we borrowed \$3,455,000 bringing the project to \$3.8 million. The library will be contributing \$900,000 of that to the building program.

The addition will primarily consist of a Children's Department along with an Activity Room for story times and other programs and an office for Youth Services Staff. Additionally, there will be a large meeting room that can be divided into two spaces with a kitchen and storage for tables. There will be new bathrooms between the meeting room and children's area, as well as an area for nursing and a family restroom. Other new space will be added to the back for storage and new staff area. The front porch will be enclosed and provide gallery and display space leading into the meeting room.

The construction process will also result in some reassignment of other spaces in the rest of the building. The current director's office will be divided into half. The front section will be used to enlarge the Local History area. The back section will be turned into a recording studio whose initial use will be to record, either audio or video or both, local stories of Grant County residents. These oral histories will be cataloged and made available to the public. Two small meeting rooms will also be made available to respond to patron requests.

We had a banner year for Summer Reading program and had 812 register, the most we have ever had. The Fueling the Mind programs for free lunch and program we partner with the school foods service saw a decrease in activity at around 6,500 people served.

The library purchased and had installed a LED sign in front of the building and have had many positive comments.

There have been an increased number of incidences with the geothermal system. A leak was found in a flange where the pipe comes out of the ground/well field and connects to the pipe going into the building. As a result the pumps run low on water which causes them to run hot. It has been a frustrating year for heating and cooling the building, but it is being fixed. The new section will have a different HVAC system, CFM, which will take some of the load off the geothermal.

Overall, it has been another year where we provide a variety of services to people coming through our doors, not just checking out materials. Many people who stop in are job seekers and need assistance with online applications or some aspect of the workforce.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the Library's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

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

The government-wide financial statements outline functions of the Library that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library include public service, operation and maintenance of plant, and administration. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be divided into three categories: governmental, proprietary funds and fiduciary funds. The Library does not currently have any proprietary or fiduciary funds. All other activities of the Library are included in the governmental funds. The basic governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 28 of this report.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$3,130,774 as of June 30, 2018.

The largest portion of the Library's net assets reflects its investment in capital assets.

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

Net Position for the period ending June 30, 2017 and June 30, 2018

The Library is following GASB 34 the following is a comparison of assets, liabilities and net position. 2017 Government Wide compared to 2018 are as follows:

	Net Position	
	<u>2017</u>	<u>2018</u>
Total Assets	\$4,075,375	\$7,819,063
Deferred Outflows of Resources	\$275,139	\$461,258
Total Liabilities	\$1,133,638	\$5,017,358
Deferred Inflows of Resources		\$132,189
Net Position		
Investment in capital assets (net of related debt)	\$1,744,636	\$653,161
Restricted	100,702	3,140,048
Committed	994,313	1,051,558
Unrestricted	<u>377,225</u>	<u>(1,713,993)</u>
Total Net Position	<u>\$3,216,876</u>	<u>\$3,130,774</u>

Changes in Net Position for the period ending June 30, 2017 and June 30, 2018

The following presents a summary of revenue and expense comparing 2017 to 2018.

	Changes in Net Position	
	<u>2017</u>	<u>2018</u>
Revenues		
Taxes	\$1,194,480	\$1,399,507
Intergovernmental-State	168,131	86,230
Earnings on Investments	9,827	13,224
Other Local Revenues	29,988	24,766
Donations	<u>1,325</u>	<u>540</u>
Total Revenues	1,403,751	1,524,267
Expenses		
Public Service	961,821	971,678
Plant Operations	128,084	179,744
Library Administration	105,252	111,162
Interest Expense	<u>16,296</u>	<u>83,631</u>
Total Expenses	1,211,453	1,346,215
Change in Net Position	192,298	178,052
Beginning Net Position	3,024,578	3,216,876
Prior Period Adjustment - Note K		<u>(264,154)</u>
Ending Net Position	<u>\$3,216,876</u>	<u>\$3,130,774</u>

The government's overall financial position and results of operations improved as a result of the year's operations as reflected in the decrease in net position for the year.

Budget Comments

The Library's fiscal year is July 1 to June 30. The original budget was for \$1,234,950 a revision was done during the year, final budget was \$1,185,150.

INFRASTRUCTURE

The Library has not reported any infrastructure in the current financial statements.

Analysis of Balances and Transactions of Individual Funds

Fund	Beginning	Revenues	Expenses	Ending
General Fund	\$1,958,485	\$1,451,818	\$1,259,389	\$2,150,914
Construction Fund	\$0	\$3,419,407	\$380,525	\$3,038,882
Debt Service Fund	\$100,702	\$131,210	\$130,746	\$101,166

Capital Assets

Governmental	Beginning	Additions	Deductions	Ending
Capital Assets	\$3,628,677	\$667,415	\$0	\$4,296,092
Accumulated Depreciation	\$1,640,079	\$151,653	\$0	\$1,791,732
Bonds Payable	\$243,962	\$3,455,000	\$56,031	\$3,642,931

CURRENT ISSUES

no comments

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Susan Nimersheim 859-824-2080, or by mail at 201 Barnes Road, Williamstown, KY 41097.

GRANT COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION
GOVERNMENT WIDE
As of June 30, 2018

	Governmental Activities
ASSETS	
Cash and equivalents	\$5,305,989
Accounts receivable	8,714
Capital Assets - Note C	4,296,092
Less: accumulated depreciation	<u>(1,791,732)</u>
Total assets	\$7,819,063
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	\$366,573
Deferred outflows from OPEB	<u>94,685</u>
Total Deferred Outflows of Resources	\$461,258
LIABILITIES	
Current Liabilities	
Accounts payable	\$13,044
Accrued wages	10,697
Accrued interest expense	33,367
Long-term liabilities	
Due within 1 year	144,250
Due in more than 1 year	3,498,681
Pension liability	980,546
OPEB liability	<u>336,773</u>
Total liabilities	5,017,358
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	\$114,557
Deferred inflows from OPEB	<u>17,632</u>
Total Deferred Inflows of Resources	\$132,189
NET POSITION	
Net investment in capital assets	\$653,161
Restricted for:	
Debt service	101,166
Construction	3,038,882
Committed for:	
Depreciation	50,000
Capital Development	400,000
Contingency	601,558
Unrestricted	<u>(1,713,993)</u>
Total net position	\$3,130,774

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2018

	General Fund	Construction Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$2,165,941	\$3,038,882	\$101,166	\$5,305,989
Other receivables	<u>8,714</u>			<u>8,714</u>
TOTAL ASSETS	\$2,174,655	\$3,038,882	\$101,166	\$5,314,703
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$13,044		\$	\$13,044
Accrued wages	<u>10,697</u>			<u>10,697</u>
Total liabilities	23,741			23,741
Fund Balances				
Restricted				
Debt Service			101,166	101,166
Construction		3,038,882		3,038,882
Committed				
Depreciation	50,000			50,000
Capital Development	400,000			400,000
Contingency	601,558			601,558
Unassigned	<u>1,099,356</u>			<u>1,099,356</u>
Total fund balances	2,150,914	3,038,882	101,166	5,290,962
Total Liabilities and Fund Balance	\$2,174,655	\$3,038,882	\$101,166	\$5,314,703

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 June 30, 2018

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

Total Fund Balance - Governmental Funds	\$5,290,962
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position	2,504,360
Deferred outflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	461,258
Deferred inflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	(132,189)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position	
	Bonds Payable (3,642,931)
	Pension Liability (980,546)
	OPEB Liability (336,773)
	Accrued Interest on Bonds <u>(33,367)</u>
Total Net Position - Governmental Activities	\$3,130,774

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	General Fund	Construction Fund	Debt Service Fund	Total Governmental Funds
Revenues				
From local sources				
Taxes	1,399,507			1,399,507
Earnings on investments	10,775	2,338	111	13,224
Contributions	540			540
Other local revenues	24,766			24,766
Intergovernmental-State	<u>16,230</u>		<u>70,000</u>	<u>86,230</u>
Total revenues	1,451,818	<u>2,338</u>	<u>70,111</u>	1,524,267
Expenditures				
Public service	832,593			832,593
Plant operation and maintenance	128,616			128,616
Library administration	111,162			111,162
Facilities	187,018	380,525		567,543
Debt service			<u>130,746</u>	<u>130,746</u>
Total expenditures	<u>1,259,389</u>	<u>380,525</u>	<u>130,746</u>	1,770,660
Excess(deficit)of revenues over expenditures	192,429	(378,187)	(60,635)	(246,393)
Other Financing Sources (Uses)				
Bond Proceeds			3,455,000	3,455,000
Underwriters Discount			23,168	23,168
Operating Transfers In		3,417,069		3,417,069
Operating Transfers Out			<u>(3,417,069)</u>	<u>(3,417,069)</u>
Total Other Financing Sources (Uses)		<u>3,417,069</u>	<u>61,099</u>	3,478,168
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds	192,429	3,038,882	464	3,231,775
Fund balance, July 1, 2017	<u>1,958,485</u>	<u>0</u>	<u>100,702</u>	<u>2,059,187</u>
Fund balance, June 30, 2018	\$2,150,914	\$3,038,882	\$101,166	\$5,290,962

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
 THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

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

Total net change in fund balances - governmental funds \$3,231,775

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

	Depreciation Expense	(151,653)	
	Capital Outlays	<u>667,415</u>	515,762

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

	Repayment of Bond Principal	56,031	
	Bond Proceeds	(3,455,000)	
	Deferred Outflows	186,119	
	Deferred Inflows	(132,189)	

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

	Change in Pension Liability	(119,743)	
	Change in OPEB Liability	(72,619)	
	Change in Accrued Interest	<u>(32,084)</u>	

Total Change in Net Position - Governmental Activities \$178,052

See accompanying notes

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Grant County Public Library (Library) is a special taxing district created under Kentucky Revised Statutes 173.710. The Library was established on May 13, 1976.

Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities present a comparison between direct expenses and program revenues for each segment of the business-type activities of the Library and for each function or program of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Library.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.

GRANT COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Restricted Fund Balance

Fund balance will be reported as restricted when constraints placed on the use of resources are either, (a) externally imposed by creditors, granters, contributors, or laws or regulations or other governments; (b) imposed by laws through constitutional provisions or enabling legislation. The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board will be reported as committed fund balance.

Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

Fund Financial Statements - Fund financial statements report detailed information about the Library. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the Library finances and meets the cash flow needs of its proprietary activities.

The Library has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the Library. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the Library.
- (B) Construction Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

GRANT COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

II. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky law.

III. Proprietary Funds (Enterprise Fund)

The Proprietary Fund is used to account for business-type activities. The Library does not currently have any proprietary funds.

IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

The Fiduciary Fund is used to account for agency and private purpose trust funds. The Library does not currently have any fiduciary funds.

Basis of Accounting

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

Revenues - Exchanges and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Library available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirement are met are recorded as deferred revenue.

GRANT COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property Tax Revenues - Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied.

The property tax rates assessed for the year ended June 30, 2018, to finance the General Fund operations were \$.098 per \$100 valuation for real property, \$.1531 per \$100 valuation for personal property, and \$.03 per \$100 valuation for motor vehicles.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the governmental-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of one thousand dollars. The Library does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25 - 50 years
Technology Equipment	5 years
Furniture and Fixtures	20 years

GRANT COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

Budgetary Basis of Accounting: The Library's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Cash and Cash Equivalents

The Library considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2018 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Subsequent Events

Subsequent events were considered through September 26, 2018, which represents the date of my report.

GRANT COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources.

Fund Balance Reserves

The Library reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

GRANT COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense, information about the fiduciary net position of the CERS and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS. The plans recognizes benefit payments when due and payable in accordance with the benefit term.

Uses of Estimates

The process of preparing financial statements in conformity with general accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE B - PROPERTY TAX CALENDAR

Property taxes for fiscal year 2018 were levied on the assessed valuation of property located in the County as of January 1, 2017 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

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

GRANT COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE C - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Land and improvements	\$97,243	\$0	\$0	\$97,243
Buildings and improvements	2,031,673			2,031,673
Technology equipment	111,683			111,683
Vehicle	25,150			25,150
Furniture, fixtures, books	1,362,928	99,871		1,462,799
Construction in Process	<u>0</u>	<u>567,544</u>		<u>567,544</u>
Totals at historical cost	3,628,677	667,415	0	4,296,092
Less: accumulated depreciation				
Buildings and improvements	661,759	51,128		712,887
Technology equipment	76,594	7,953		84,547
Vehicle	9,222	5,030		14,252
Furniture, fixtures, books	<u>892,504</u>	<u>87,542</u>	_____	<u>980,046</u>
Total accumulated depreciation	1,640,079	151,653	0	1,791,732
Governmental Activities - Capital Assets - Net	\$1,988,598	\$515,762	\$0	\$2,504,360

NOTE D - CONTINGENCIES

The District sometimes receives funding from federal, state and local government agencies. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantor's may request a refund of monies advanced or refuse to reimburse the Library for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant.

NOTE E - INSURANCE AND RELATED ACTIVITIES

The Library is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, accidents, errors and omissions, fiduciary responsibilities, etc. Each of these risk areas are covered through the purchase of commercial insurance.

GRANT COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE F - CASH AND CASH EQUIVALENTS

At year end, the carrying amounts of the Library's cash and cash equivalents was \$5,305,989. The bank balance was \$5,317,110. The difference is the result of deposits in transit, outstanding checks and cash on hand. Of the total bank balance \$250,000 was covered by federal deposit insurance and the balance was covered by collateral held in the Library's name at Forcht Bank. Therefore, at June 30, 2018 all deposit bank balances were fully collateralized or insured.

NOTE G - BONDS PAYABLE

The amount shown in the accompanying financial statements as bonds payable represents the Library's future obligations to make lease payments relating to the bonds issued aggregating \$4,312,750

The following schedule is a summary of future payments.

Fiscal Year	Principal	Interest	Total	KDLA Grant
2018-19	144,250	135,764	280,014	163,800
2019-20	152,593	128,977	281,570	81,900
2020-21	161,088	123,272	284,360	81,900
2021-22	95,000	116,300	211,300	81,900
2022-23	100,000	112,500	212,500	81,900
2023-28	565,000	498,700	1,063,700	409,500
2028-33	665,000	394,494	1,059,494	409,500
2033-38	695,000	275,506	970,506	327,600
2038-43	485,000	167,037	652,037	
2043-48	<u>580,000</u>	<u>66,188</u>	<u>646,188</u>	
	\$3,642,931	\$2,018,738	\$5,661,669	\$1,638,000

	Beginning	Additions	Deductions	Ending
Bonds	\$243,962	\$3,455,000	\$56,031	\$3,642,931

NOTE H - COMMITTED FUNDS

On March 12, 2012 the Board of Directors passed a resolution to commit the following funds:
 A **Depreciation Fund** shall retain moneys necessary for renewing, restoring, replacing, or substituting Library property to maintain the Library's continuity of service. The initial balance shall be set at \$50,000 or such greater amount as may be determined by the Library Board.
 A **Capital Development Fund** shall retain moneys necessary to support future building, renovation, and land acquisition projects for expansion purposes.
 A **Contingency Fund** shall maintain a reserve of six months' operating expenses to be used for unforeseen emergencies such as late tax collection, property damage, and any other circumstances that would hinder the normal operation of the Library.

NOTE I - GASB 68, 71 and 75

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statement were adopted by the District for the fiscal year beginning July 1, 2014.

The provisions of GASB 75 were adopted by the Library for the fiscal year beginning July 1, 2017. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

NOTE J - RETIREMENT PLAN

Library employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>

CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of the state legislature.

Non-hazardous Contribution - For the year ended June 30, 2018 plan members were required to contribute 5% of their annual compensation. Members with a participation date on or after September 1, 2008 must contribute an additional 1%. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of the biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary

GRANT COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE J - RETIREMENT PLAN (continued)

to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2017, participating employer's contributed 18.68% of each employee's creditable compensation. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 13.95% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2018, the Library reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques. The Library's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2017. At June 30, 2017 the Library's proportion was 0.016752%.

For the year ended June 30, 2018, the Library recognized pension expense of \$184,425. At June 30, 2018, the Library reported deferred outflows of resources for Library contributions subsequent to the measurement date of \$61,965 and deferred outflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$304,608.00.

Library contributions subsequent to the measurement date of \$61,965 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to CERS will be recognized in pension expense as follows:

<u>Year:</u>	<u>Outflows</u>
2018	\$95,237
2019	78,731
2020	28,676
2021	(12,591)
2022	<u>0</u>
Total	\$190,053

NOTE J - RETIREMENT PLAN (continued)

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2017. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age
Experience Study	July 1, 2008 - June 30, 2013
Remaining Amortization Period	28 years, closed
Inflation	2.30%
Salary Increase	2.0%, average, including inflation
Investment Rate of Return	6.25%, net of pension plan investment expense, 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 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

Discount rate: The discount rate used to measure the total pension liability was 6.25%.

Projected cash flows: The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

Long term rate of return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. 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 produced 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

NOTE J - RETIREMENT PLAN (continued)

in setting the long-term rate of return for funding pension plans which covers a longer timeframe. 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 asset allocation and best estimates of arithmetic nominal rates of return for each major asset class, as provided by KRS's investment consultant, 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%
Private Equity	10.00%	8.50%
Real Estate	5.00%	4.50%
Absolute Return (Diversified Hedge Funds)	10.00%	4.25%
Cash Equivalent	2.00%	-0.25%
	100.00%	

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate.
 The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 6.25%, 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-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate.

	1% Decrease 5.25%	Current Discount Rate 6.25	1% Increase 7.25
Library's proportionate share of the net pension liability	\$1,236,681	\$980,546	\$766,292

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>

Payables to the pension plan: At June 30, 2018 the Library had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

NOTE J - RETIREMENT PLAN (continued)

OPEB

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net portion. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2016. The total OPEB liability was roller-forward from the valuation date to the plan's fiscal year end, June 30, 2017, using generally accepted actuarial principles. There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for any of the systems. However, subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted updated actuarial assumption which will be used in performing the actuarial valuation as of June 30, 2017. Specially, Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption and an assumed rate of return of 6.25%.

The single discount rate of 5.84% was used to measure the total OPEB liability as of June 30, 2017. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contribution, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The Library's proportionate share of the Net OPEB Liability as of June 30, 2017 is \$336,773. The Library's proportionate share is 0.016752%. The Library's proportionate share of the OPEB expense is \$38,376. The total Deferred Outflows of Resources is \$73,280 and the total Deferred Inflows of Resources is \$17,632. Total employer contributions were \$19,292, implicit subsidy was \$2,113 for a total contributions of \$21,405.

Investment return rate: Assumed annual rate of 6.25% net of investment expenses.

Discount Rate: 5.84%.

Price Inflation: Assumed annual rate of 2.30%.

Payroll Growth Assumption (used for amortization of unfunded accrued liabilities): Assumed annual rate of 2.00%.

Rates of Annual Salary Increase is available in the report on the state's website.

GRANT COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE J - RETIREMENT PLAN (continued)

OPEB

	Discount Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	4.84%	5.84%	6.84%
	\$428,524	\$336,773	\$260,421

	Healthcare Cost Trend Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$258,322	\$336,773	\$438,754

The actuarially determined contribution rates effective for fiscal year ending 2017 are calculated as of June 30, 2015. Based on the June 30, 2015 actuarial valuation report the actuarial methods and assumptions used to calculate these contribution rates are below:

<u>Item</u>	<u>CERS Non-Hazardous</u>
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	28 Years, Closed
Payroll Growth Rate	4.00%
Investment Return	7.50%
Inflation	3.25%
Salary Increases	4.00%, average
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

GRANT COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE J - RETIREMENT PLAN (continued)

OPEB

The following is a summary of collective Deferred Outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending	Deferred Outflows/ (Inflows) of Resources MIF
2018	9,575
2019	9,575
2020	9,575
2021	9,575
2022	13,554
thereafter	<u>3,795</u>
Total	55,649

NOTE K - PRIOR PERIOD ADJUSTMENT

Restatement of Net Position - District Wide

OPEB Liability 7-1-2017	(\$264,154)
Net Position 7-1-2017	<u>3,216,876</u>
Restatement of Beginning Net Position	\$2,952,722

The Library adopted GASB 75 during the fiscal year, recording their proportionate share of the OPEB liability.

SUPPLEMENTAL INFORMATION

GRANT COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$1,202,000	\$1,202,000	\$1,399,507	\$197,507
Earnings on investments	8,000	8,000	10,775	2,775
Other local revenues	26,600	26,600	25,306	(1,294)
Intergovernmental-State	<u>12,500</u>	<u>12,500</u>	<u>16,230</u>	<u>3,730</u>
TOTAL REVENUES	1,249,100	1,249,100	1,451,818	202,718
EXPENDITURES				
Public service	957,500	907,700	832,593	75,107
Plant operation and maintenance	165,000	165,000	128,616	36,384
Library administration	112,450	112,450	111,162	1,288
Facilities	<u>0</u>	<u>0</u>	<u>187,018</u>	<u>(187,018)</u>
TOTAL EXPENDITURES	1,234,950	1,185,150	1,259,389	(74,239)
Excess (Deficit) of Revenues Over Expenditures	14,150	63,950	192,429	128,479
Fund Balance, July 1, 2017	<u>0</u>	<u>0</u>	<u>1,958,485</u>	<u>1,958,485</u>
Fund Balance, June 30, 2018	\$14,150	\$63,950	\$2,150,914	\$2,086,964

GRANT COUNTY PUBLIC LIBRARY
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2018

	2018	2017	2016	2015
Library's proportion of the net pension liability (asset) CERS	\$980,546	\$860,803	\$625,191	\$493,000
Library's proportionate share of the net pension liability (asset) CERS	0.016752%	0.017483%	0.01454%	0.015196%
Library's covered employee payroll CERS	\$418,234	\$408,219	\$485,024	\$348,874
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll CERS	234.45%	210.87%	128.90%	141.31%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY
 SCHEDULE OF THE LIBRARY PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2018

	2018	2017	2016	2015	2014
Contractually required contributions					
CERS	\$61,965	\$77,304	\$77,225	\$65,902	\$64,155
Contributions in relation to the contractually required contribution					
CERS	\$61,965	\$77,304	\$77,225	\$65,902	\$64,155
Contribution deficiency (excess)					
CERS	0	0	\$0	\$0	\$0
Library's covered employee payroll					
CERS	\$418,234	\$408,219	\$485,024	\$348,874	\$317,686
Contributions as a percentage of covered employee payroll					
CERS	14.82%	18.94%	15.92%	18.89%	20.19%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 For The Year Ended June 30, 2018

	2018
Library's proportion of the net OPEB liability (asset)	\$336,773
Library's proportionate share of the net OPEB liability (asset)	0.016752%
Library's covered employee payroll CERS	\$418,234
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	80.52%
Plan fiduciary net position as a percentage of the total OPEB liability CERS	52.40%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY
SCHEDULE OF THE LIBRARY OPEB CONTRIBUTIONS
For The Year Ended June 30, 2018

	2018
Contractually required contributions	\$19,292
Contributions in relation to the contractually required contribution	\$19,292
Contribution deficiency (excess)	\$0
Library's covered employee payroll	\$418,234
Contributions as a percentage of covered employee payroll	4.61%

Note: The schedule is intended to show information for the last 10 fiscal years.
Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2018

PENSIONS

Changes of benefit terms

CERS -none

Changes of assumptions

CERS

The assumed investment return was changed from 7.50% to 6.25%.

The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.

The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB

Changes of benefit terms

CERS - none

DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Grant County Public Library
Members of the Board of Directors
Williamstown, 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 Grant County Public Library, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated September 26, 2018.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

Our consideration of internal control was for the limited purpose described in first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 26, 2018