Logan County Public Library

Financial Statements

June 30, 2016



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Independent Auditors' Report

Board of Trustees Logan County Public Library Russellville, 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 Logan County Public Library (the "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 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.

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 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 auditors' 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 Library as of June 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and select pension information on pages 4 through 6 and 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

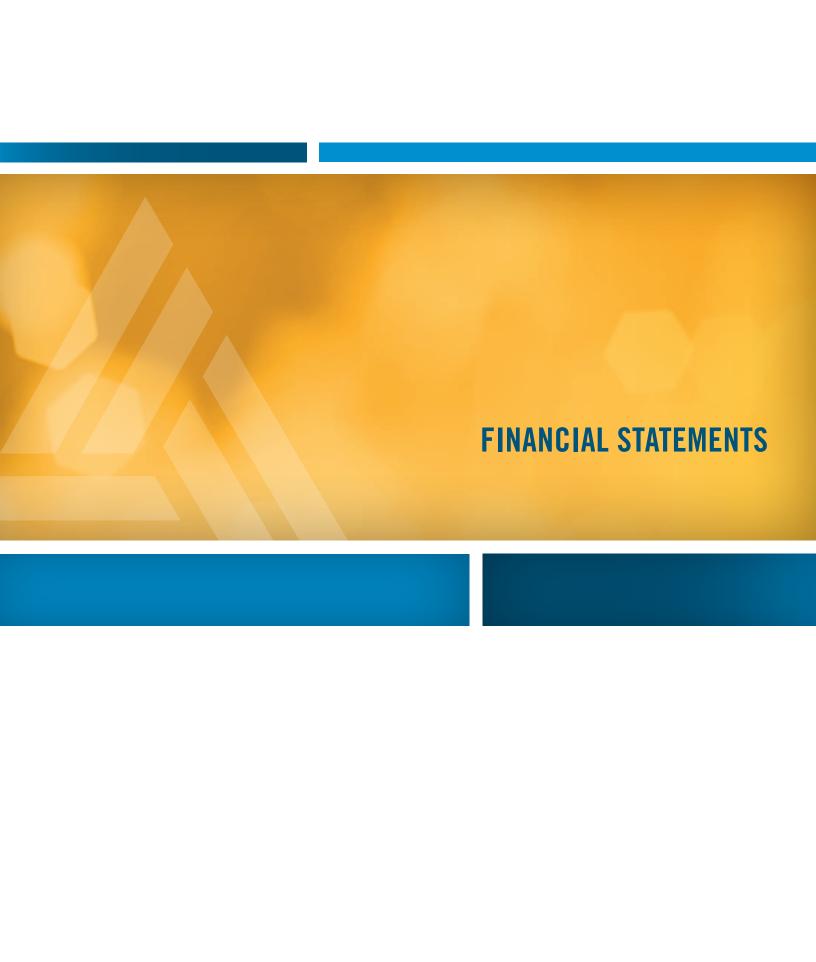
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 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 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.

Caux Rigge & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC Russellville, Kentucky November 23, 2016



Logan County Public Library District Russellville, Kentucky Management's Discussion and Analysis Fiscal Year July 1 2015 - June 30, 2016

This discussion and analysis of the Logan County Public Library District (the Library) is offered by management as a narrative overview of the financial activities of the Library for the fiscal year July 1, 2015 – June 30, 2016. This information should be considered in conjunction with the Library's financial statements, notes to financial statements, and additional information contained in the audit.

The Logan County Public Library District was established in January, 1966 by public petition. The Library is governed by a five-member Board of Trustees which is solely responsible for managing the Library's assets and approval of policies. The Library Director is solely responsible for library operation and interpretation of library policy.

The primary source of Library income is property and other local taxes. Less than 2% of the budget is from State Aid. Less than 1% of the budget comes from federal funds.

FINANCIAL HIGHLIGHTS

- Total net position increased \$117,912. The liability for accrued compensated absences (that which would be owed to staff if the library closed on June 30, 2016) was \$10,385. Beginning general fund balance for July 1, 2015 (beginning of current fiscal year) was \$1,028,002. The ending general fund balance was \$1,227,461, with an increase of \$199,459 for 2015-16. Total assets and liabilities in the government-wide financial statements were \$5,222,648 and \$3,437,177, respectively, which both experienced increases in the current year. Total deferred inflows and outflows of resources in the government-wide financial statements were \$6,419 and \$135,969, respectively.
- Sources of general revenues for the Library include property tax (\$1,245,630), State Aid (\$19,677), Federal Aid (\$2,000), Contributions (\$375), Interest Income (\$1,520) and Charges for Services (\$22,006). Charges for services include late fees for overdue library materials, photocopying charges, fees for facsimile transmittal services, sale of surplus property (used and discarded library materials), and other income. Total revenue for the fiscal year totaled \$1,291,208.
- Total expenses for the fiscal year were \$1,104,575. General fund expenses were \$1,091,749 and construction fund expenses were \$12,826.

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 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.

The Library's financial reporting includes the funds of the Library (primary government) and an organization, which the Library is accountable (component unit). The legally separate organization serves as the financing vehicle for library services (revenue bond issues, and is governed by a board of trustees wholly comprised of the Library's director and board members). The component unit is blended in the accompanying financial statements.

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. The major funds for the Library are the general fund and the construction fund.

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. As of fiscal year ended June 30, 2016, the library had no material misstatements.

FINANCIAL ANALYSIS OF THE LIBRARY'S 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 financial requirements. Governmental funds reported ending fund balances of \$1,248,054. \$1,227,461 of these funds are unreserved, indicating availability of continuing Library service requirements. The remaining \$20,593 is reserved for the building project. The total ending fund balances of governmental funds show an increase of \$186,633 from the previous year.

CAPITAL ASSETS

Expenditures capitalized for the year in the Statement of Net Position amounted to \$99,634. These capitalized expenditures were for books, videos, computers and additional expenditures to the library facility. Disposals of books, videos, equipment, furniture and computers amounted to \$85,081. Net book value of assets at June 30, 2016 is \$3,936,358, a decrease from 2015 of \$96,420.

LONG TERM DEBT

At year-end the Library had \$2,730,000 in general obligation bonds outstanding. This was a decrease of 2.5% over last year. The decrease was due to the normal repayment of bonds. Additionally, the library added a \$164,619 net pension liability.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget for fiscal year 2015-2016 was \$1,209,400 for revenues and \$1,212,855 for expenses. The difference in these two amounts was due to a formula error in the budget. There was a slight decrease in revenue, as property taxes collected went down by \$25,255. Due to increasing personnel expense, there was a negligible increase in salary expenditures, with an increase of \$13,425. There was an anticipated increase in general operations expenditures of \$11,984 due to operational growth during the current year. The General Fund budget complies with financial policies approved by the Board of Trustees for the maintenance of core Library services.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGETS TO RATES

The general outlook for the Library for the next year is for continued moderate growth producing an improvement over the current fiscal year. In general, any major swings in the overall economy have a smaller effect on the Library due to the diversity of the local economy.

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 the Director, Logan County Public Library, 225 Armory Drive, PO Box 357, Russellville, Kentucky 42276.

Logan County Public Library Statement of Net Position

	Governmental
June 30, 2016	Activities
Assets	
Cash	\$ 869,393
Investments	406,827
Accounts receivable	4,743
Prepaid expenses	5,327
Capital assets, net of depreciation	3,936,358
Total assets	5,222,648
Deferred Outflows of Resources	
Pension related	135,969
Total deferred outflows of resources	135,969
Liabilities	
Accounts payable	4,984
Compensated absences	10,385
Accrued liabilities	22,867
Accrued interest	6,740
Long-term obligations:	
Due within one year:	
Outstanding bonds	70,000
Other	1,788
Due beyond one year:	
Outstanding bonds	2,615,261
Other	2,533
Net pension liability	702,619
I to . I show	
Total liabilities	3,437,177

Logan County Public Library Statement of Net Position

	Go	vernmental
June 30, 2016		Activities
Deferred lefters of December		
Deferred Inflows of Resources		
Pension related		6,419
Total deferred inflows of resources		6,419
Net Position		
Net investment in capital assets		1,246,776
Restricted for capital outlay		20,593
Unrestricted		647,652
		_
Total net position	\$	1,915,021

Logan County Public Library Statement of Activities

Net (Expense)

ear Ended June 30, 2016 Program Revenues					C	evenue and Changes in et Position				
Tear Enacasane 30, 2010		Expenses	Operating Charges for Grants and Services Contributions		Capital Grants and					
Governmental Activities										
Personnel	\$	559,237	\$	-	\$	_	\$	-	\$	(559,237)
Fringe benefits		192,155		-		-		-		(192,155)
General operations		118,625		22,006		2,000		375		(94,244)
Library materials		11,580		-		-		-		(11,580)
Continuing education		5,436		-		-		-		(5,436)
Electronic access		5,799		-		-		-		(5,799)
Bookmobile expense		1,580		-		-		-		(1,580)
Depreciation expense-unallocated		182,572		-		-		-		(182,572)
Loss on disposal of equipment		13,482		-		-		-		(13,482)
Interest expense		82,830		-		-		-		(82,830)
Total governmental activities	\$	1,173,296	\$	22,006	\$	2,000	\$	375	=	(1,148,915)
			Pro Sta	eral Revenue operty taxes te aid erest income						1,245,630 19,677 1,520
			Total	general rev	renues					1,266,827
			Chan	ge in net po	sition					117,912
			Net p	oosition - be	ginnin	g of year				1,797,109
			Net p	oosition - en	d of ye	ear			\$	1,915,021

Logan County Public Library Balance Sheet Governmental Funds

						Total
			(Construction	G	overnmental
June 30, 2016	Ge	eneral Fund		Fund		Funds
A A						
Assets	,	0.40,000	<u>,</u>	20 502	<u>,</u>	000 202
Cash	\$	848,800	\$	20,593	\$	869,393
Investments		406,827		-		406,827
Accounts receivable		4,743		-		4,743
Prepaid expenses		5,327		-		5,327
Total assets	\$	1,265,697	\$	20,593	\$	1,286,290
						_
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$	4,984	\$	-	\$	4,984
Compensated absences		10,385		-		10,385
Accrued liabilities		22,867		-		22,867
Tablification		20.226				20.226
Total liabilities		38,236		-		38,236
Fund Balances						
Restricted		-		20,593		20,593
Unassigned		1,227,461		-		1,227,461
Total fund balances		1,227,461		20,593		1,248,054
Total liabilities and fund balances	\$	1,265,697	\$	20,593	\$	1,286,290

Logan County Public Library Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30,	2016
Total fund balances - governmental funds	\$ 1,248,054
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activites are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$4,641,064, and the accumulated depreciation is	
\$704,706.	3,936,358
Deferred outflows and inflows or resources rebated to pensions are applicable to future periods, therefore, are not reported in the funds statements.	129,550
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:	
Bonds payable	(2,685,261)
Other debt	(4,321)
Accrued interest on outstanding bonds	(6,740)
Net pension liability	(702,619)
Total net position - governmental activities	\$ 1,915,021

Logan County Public Library Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds

Total **Construction Governmental General Fund** Year Ended June 30, 2016 **Fund Funds Revenues** \$ 1,245,630 \$ \$ 1,245,630 Property taxes 19,677 19,677 Intergovernmental - state Intergovernmental - federal 2,000 2,000 Contributions 375 375 Fines, copies, faxes and computer printouts 21,182 21,182 Interest income 1,520 1,520 Other income 824 824 Total revenues 1,291,208 1,291,208 **Expenditures** Personnel 516,795 516,795 Fringe benefits 192,155 192,155 Capital outlay 3,220 12,826 16,046 **General operations** 110,248 110,248 91,369 91,369 Library materials Continuing education 5,436 5,436 19,763 Electronic access 19,763 Bookmobile 1,580 1,580 70,000 70,000 Debt service: principal Debt service: interest 81,183 81,183 Total expenditures 1,091,749 1,104,575 12,826 Net change in fund balance 199,459 (12,826)186,633 Fund balance - beginning of year 1,028,002 33,419 1,061,421 \$ 1,227,461 \$ Fund balance - end of year 20,593 \$ 1,248,054

See accompanying notes to the financial statements.

Logan County Public Library Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Year Ended June 30,	2016
Total net change in fund balances - governmental funds	\$ 186,633
Amounts reported for governmental activites in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated amount by which depreciation expense (\$182,572) exceeds capital outlay (\$99,634).	(82,938)
Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the statement of activities. The difference between proceeds from the sale of assets and the actual gain/loss from the sale net to this amount for the year.	(13,482)
Repayment of bond principal and other debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	71,788
Government funds report Library 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: Library pension contributions Cost of benefits earned net of employee contributions	52,979 (95,421)
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recongized when they are incurred.	(1,647)
Change in net position of governmental activities	\$ 117,912

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Logan County Public Library (the "Library") was created by petition in 1966 under the provisions of KRS 173.710 to 173.800 as a special taxing district. The mission of the Logan County Public Library is service to all people. This encompasses individuals and groups of every age, education, philosophy, occupation, economic level, ethnic origin and human condition. Fulfilling the educational, informational and recreational needs of these people is the Logan County Public Library's broad purpose. More specifically, it helps people to keep up with change in all areas, educate themselves continually, become better members of their family and community, become socially and politically aware, be more capable in their occupations, develop their creative abilities and spiritual capacities, appreciate and enjoy literature and art, contribute to the overall expanse of knowledge and stimulate their own personal social well-being.

Reporting Entity

The Board of the Logan County Public Library (the "Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to the public lending of materials within Logan County. The Library receives funding from local and state government sources and must comply with the commitment requirements of these funding source entities. However, the Library is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are nominated by the Board and approved by Logan County Fiscal Court (the "Fiscal Court"). The Fiscal Court's authority is not substantive and is limited by a nomination process. The Library is a legally separate organization that can sue and be sued in their own name. The Board has decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The financial statements of the Library include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included as a blended component unit in the accompanying financial statements:

Logan County Public Library District Property Corporation — The Logan County Public Library resolved to authorize the establishment of the Logan County Public Library District Property Corporation (a non-profit, non-stock, public and charitable corporation) as an agency of the Library for financing the costs of building improvements. The Board members of the Logan County Public Library also comprise the Corporation's Board of Trustees.

Logan County Public Library Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Library. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Library's assets and liabilities, including capital assets, as well as long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Library are reported in three categories: 1) charges for services, 2) operating grants and contributions and 3) capital grants and contributions. This 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 presents the comparison between direct expenses of a given function or segment and are offset by program revenues. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues. 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 governmental function is self-financing or draws from the general revenues of the Library.

Fund Financial Statements — Fund financial statements report detailed information about the Library's funds. Separate statements for each fund category—governmental funds are presented. The focus of governmental 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.

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 total fund balances.

Basis of Presentation (Continued)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned and unassigned. Information concerning the Library's fund balances can be found in Note 6.

The Library has the following funds:

Governmental Fund Types

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 unassigned fund balance is considered as resources available for use. The general fund is a major fund.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

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.

Budget

The Library adopts an annual budget for the General Fund. The budget is prepared on the cash basis, a comprehensive basis of accounting other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized and recorded when received in cash and when paid, respectively. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements. A reconciliation of the cash basis actual amounts in the budgetary comparison to the GAAP basis actual amounts in the fund and government-wide statements is shown at the bottom of the budgetary comparison schedule if significant variances exist. The amended budget amounts presented in the accompanying financial statements have been adjusted for authorized amendments of the annual budget adopted by the Library Board. All appropriations lapse at year end.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in 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.

Investments

Investments are reported at cost, which approximates fair value. Investments consist of short-term certificates of deposit.

Capital Assets

Capital assets, including property and equipment, are reported in the government-wide financial statements. 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.

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 \$1,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The Library depreciates capital assets over the estimated useful life of the asset using the straight-line method of depreciation as follows:

Description	Estimated Lives
Building and improvements	25-50 years
Furniture and equipment	10 years
Technology equipment	5 years
Vehicles	10 years
Books	7 years
Software	3 years

Deferred Outflows of Resources

The Library reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year's financial statements include (1) a deferred outflow of

Deferred Outflows of Resources (Continued)

resources for contributions made to the Library's defined benefit pension plan between the measurement date of the net pension liability from the plan and the end of the Library's fiscal year and (2) and deferred outflows of resources related to the differences between the expected and actual demographics for the cost sharing defined benefit plan. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred amounts related to the actuarial assumptions for demographic factors in the cost sharing pension plan will be recognized over a closed period equal to the average of the expected remaining services lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

The Library's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the Library's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Library will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Library's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation days. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Library and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Library and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Compensated Absences (Continued)

The entire compensated absence liability is reported on the government-wide financial statements and fund statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

Net Position

The Library classifies its net position into the following three categories:

Net investment in capital assets - This represents the Library's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Library's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Property Taxes

Property taxes collected are recorded as revenues in the general fund. The assessment date of the property taxes is January 1 of each year. The final levy is normally approved September 1 through September 15. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November

Property Taxes (Continued)

1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the County Attorney.

Revenues — Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, 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 60 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. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the Library, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis, assets and revenues from property taxes are 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 expenditure requirements in which the resources are provided to the Library on a reimbursement basis. Revenues from nonexchange transactions must also be available before they can be recognized.

Subsequent Events

The Library has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 23, 2016, which was the date the financial statements were made available.

Recently Issued and Adopted Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This pronouncement clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, providing additional fair value guidance, and enhancing

Recently Issued and Adopted Accounting Pronouncements (Continued)

disclosure about fair value measurements. GASB Statement No. 72 is effective for fiscal years beginning after June 15, 2015. This is no significant impact on the financial statements for the implementation of this standard.

NOTE 2: CASH AND INVESTMENTS

Deposits

At June 30, 2016, the carrying amount of the Library's deposits reflected in cash and investments was \$1,275,773 and bank balances were \$1,315,565. The Library maintains its deposits with financial institutions insured by federal depository insurance (FDIC) or are secured by pledged securities held by the pledging financial institution's agent in the Library's name. The bank balances were fully insured and collateralized.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a formal deposit policy for custodial credit risk. However, the Library is required by state statute that bank deposits must be collateralized. The Library's bank balance of \$1,315,565 was not exposed to custodial credit risk as of June 30, 2016.

Investments

The Library's investments, which are stated at cost, at June 30, 2016 are as follow:

	20	204	_
June	40	701	h
Julic	JU.	201	v

	vanie 33, 2023						
Investment	Rating	Maturities	F	air Value			
CD-nonbrokered	N/R	5/9/2017		205,774			
CD-nonbrokered	N/R	8/27/2016		201,053			
Total			\$	406,827			

Interest Rate Risk

The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Under Kentucky Revised Statutes Section 66.480, the Library is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. The Library has no investment policy that would further limit its investment choices.

NOTE 3: CAPITAL ASSETS

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

June 30, 2016	Beginning Balance	Retirements/ Additions Reclassifications		Ending Balance
Governmental Activities				
Capital assets that are not				
depreciated:				
Land	\$ 139,692	\$ -	\$ -	\$ 139,692
Construction in Progress	-	5,880	(5,880)	
Total non-depreciable cost	139,692	5,880	(5,880)	139,692
Capital assets that are depreciated				
Building	3,503,168	4,470	-	3,507,638
Equipment	58,585	5,550	-	64,135
Furniture	246,853	1,411	-	248,264
Computers	77,203	8,414	-	85,617
General	2,086	-	-	2,086
Vehicles	8,500	-	-	8,500
Collection	603,906	79,789	(98,563)	585,132
Total depreciable cost	4,500,301	99,634	(98,563)	4,501,372

NOTE 3: CAPITAL ASSETS (CONTINUED)

	Beginning		Retirements/	Ending
June 30, 2016	Balance	Additions	Reclassifications	Balance
Less: accumulated depreciation	(607,215)	(182,572)	85,081	(704,706)
				_
Total depreciable cost, net	3,893,086	(82,938)	(13,482)	3,796,666
Governmental activities,				
capital assets-net	\$ 4,032,778	\$ (77,058)	\$ (19,362)	\$ 3,936,358

NOTE 4: COMPENSATED ABSENCES

Employees are allowed to accrue vacation hours, which are vested up to 42 hours. Accordingly, the employees can be paid for unused vacation days upon termination of employment up to 42 hours.

A liability for accumulated vacation hours is accrued when incurred in the government-wide financial statements and fund statements.

The amount accrued in the government-wide and fund financial statements are \$10,385 at June 30, 2016.

NOTE 5: LONG-TERM OBLIGATIONS

The original amount of each issue, the issue date and interest rates are summarized below:

Issue Date	Issue Date Proceeds	
2012	\$ 2,940,000	.70%–3.50%

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

						Total Debt
Year	Principal			Interest	Service	
2017	\$	70,000	\$	80,549	\$	150,549
2018		70,000		79,814		149,814
2019		75,000		78,944		153,944
2020		75,000		77,894		152,894
2021		75,000		76,694		151,694
2022-2026		405,000		357,020		762,020
2027-2031		470,000		292,488	88 762,4	
2032-2036		545,000		210,919		755,919
2037-2041		650,000	109,938			759,938
2042-2043		295,000		10,412		305,412
	\$	2,730,000	\$	1,374,672	\$	4,104,672

Maturities of other debt are as follow for the fiscal years ending:

June 30,	
2017	\$ 1,788
2018	1,788
2019	745
	\$ 4,321

The Library is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Logan County Public Library District Property Corporation to construct facilities. The Library has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liability activity for the year ended June 30, 2016 was as follows:

					Amounts Due
	Balance			Balance	Within One
June 30, 2016	July 1, 2015	Increases	Decreases	June 30, 2016	Year
Bonds Payable					
Bonds	\$ 2,800,000	\$ -	\$ 70,000	\$ 2,730,000	\$ 70,000
Less discount	(46,438)	-	(1,699)	(44,739)	-
Total bonds	2,753,562	-	68,301	2,685,261	70,000
Other Liabilities					
Other	6,109	-	1,788	4,321	1,788
Total other liabilities	6,109	-	1,788	4,321	1,788
Total long-term					
liabilities	\$ 2,759,671	\$ -	\$ 70,089	\$ 2,689,582	\$ 71,788

NOTE 6: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories as follows:

Nonspendable fund balances are 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. At June 30, 2016, the Library had no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2016, the Library had \$20,593 as restricted funds for capital projects in the construction fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the Library is the Board of Trustees. The Board of Trustees must approve by majority vote the establishment (and modification or rescinding)

Logan County Public Library Notes to the Financial Statements

NOTE 6: FUND BALANCES (CONTINUED)

of a fund balance commitment. At June 30, 2016, the Library had no committed fund balances.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2016 was \$0. Assigned fund balances also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

It is the Library's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2016 in the governmental funds balance sheet.

NOTE 7: EMPLOYEES' RETIREMENT PLAN

General information about the County Employees Retirement System Non-Hazardous ("CERS")

Plan description

All regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan are covered by the CERS – a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Trustees of the Kentucky Retirement System, under the provisions of KRS Section 61.645. CERS issues a publicly available financial report that can be found on the CERS website.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar

Logan County Public Library Notes to the Financial Statements

NOTE 7: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been provided since July 1, 2011.

Contributions

Plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. The participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding 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 a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the fiscal year ended June 30, 2016, participating employers contributed 17.06% of each employee's creditable compensation. The actuarially determined rate set by the Board for the fiscal year ended June 30, 2016, was 17.06%.

Plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. These members were classified in the Tier 2 structure of benefits. Five percent of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited

to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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 \$702,619 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 the Library's share of 2015 contributions to the pension plan relative to the 2015 contributions of all participating employers, actuarially determined. At June 30, 2015, the Library's proportion was .016342%.

For the year ended June 30, 2016, the Library recognized pension expense of \$76,493. 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 o Resources	
Difference between expected and actual experience	\$	5,839	\$	-
Net difference between projected and actual		6,298		-
Change of assumptions		70,851		-
Changes in proportion and differences between employer contriutions and proportionate share of contribution				6,419
District contributions subsequent to the measurement date		52,979		<u> </u>
Total	\$	135,967	\$	6,419

\$52,979 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 19,142
2018	19,142
2019	19,142
2020	19,143
Thereafter	_

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date June 30, 2015 Actuarial Cost Method Entry Age

Actuarial Assumptions:

Investment rate of return 7.50% net of pension plan investment

expense, including inflation

Projected salary increases 4.00%, average, including inflation

Inflation rate 3.25% Discount rate 7.50%

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, the mortality table used in 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.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated August 25, 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 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 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
		_
Combined Equity	44.0%	5.40%
Combined Fixed Income	19.0%	1.50%
Real Return (Diversified Inflation Strategies)	10.0%	3.50%
Real Estate	5.0%	4.50%
Absolute Return (Diversified Hedge Funds)	10.0%	4.25%
Private Equity	10.0%	8.50%
Cash Equivalent	2.0%	-0.25%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The discount rate determination does not use a municipal bond rate. 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.

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 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-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

			(Current		
	1% Decrease Discount Rat (6.50%) (7.50%)			1% Increase (8.50%)		
Library's proportionate share of						
the net pension liability	\$	896,992	\$	702,619	\$	536,173

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 8: CONTINGENCIES

The Library receives funding from state agencies, non-public grants and private donations. These funds may be required to be used for designated purposes. If the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced. The amount of such future refunds, if any, is not expected to be significant. Continuation of the Library's grant program is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE 9: INSURANCE AND RELATED ACTIVITIES

The Library is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, etc. Each of these risk areas are covered through the purchase of commercial insurance. The Library has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

NOTE 10: RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, unemployment insurance, errors and omissions, property and general liability coverage, the Library participates in the Kentucky Association of Counties (KACo) Insurance Fund. This public entity risk pool operates as a common risk management and insurance program for political subdivisions in the State of Kentucky. The Library, along with other participating entities, contributes annual premiums determined by KACo. The amount of the premium is based on actuarial evaluations, rating plans and other analyses of the amounts necessary for the payment of claims. If, in the opinion of KACo's Board, the assets of the Fund are insufficient to enable the Fund to discharge its legal liabilities and other obligations and to maintain required reserves, the Fund's Board may require certain participating members to contribute supplementary

Logan County Public Library Notes to the Financial Statements

NOTE 10: RISK MANAGEMENT (CONTINUED)

contributions. The Library is not aware of any additional assessments payable to the Fund to cover claims. The Library's claims are submitted to and paid by KACo. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years.

NOTE 11: EXCESS EXPENDITURES OVER APPROPRIATIONS

The Library has no funds with a fund deficit balance. However, the following funds has excess current year expenditures over current year appropriated revenues:

Year Ended June 30, 2016					
Fund		Amount			
Construction	\$	12,826			

Logan County Public Library Budgetary Comparison Schedule for the General Fund

Year Ended June 30, 2016

Tear Ended Julie 50, 2010	Budgeted amounts			1			ariances	
		Original Final		۸	ctual		avorable favorable)	
	'	Original		гиа	A	ctuai	110)	iavorable)
Revenues								
Property taxes	\$	1,171,000	\$	1,171,000	\$ 1,	245,630	\$	74,630
Intergovernmental - state		19,000		19,000		19,677		677
Intergovernmental - federal		-		-		2,000		2,000
Contributions		-		-		375		375
Fines, copies and faxes		18,900		18,900		21,182		2,282
Interest income		500		500		1,520		1,020
Other income		-		-		824		824
Tabel		4 200 400		4 200 400	4	204 200		04.000
Total revenues		1,209,400		1,209,400	1,	291,208		81,808
Expenditures								
Personnel		537,131		538,234		516,795		21,439
Fringe benefits		201,065		199,499		192,155		7,344
General operations		122,213		141,093		110,248		30,845
Library materials		80,000		87,500		91,369		(3,869)
Continuing education		6,475		6,475		5,436		1,039
Electronic access		29,250		29,250		19,763		9,487
Bookmobile expense		1,500		1,500		1,580		(80)
Capital outlay		-		-		3,220		(3,220)
Debt service: interest		101,179		101,179		81,183		19,996
Debt service: principal		70,000		70,000		70,000		-
Contingency		60,587		34,670		-		34,670
Total expenditures		1,209,400		1,209,400	1,	091,749		117,651
Net change in fund balance		-		-		199,459		199,459
Fund balance - beginning of year		761,548		761,548	1,	028,002		266,454
Fund balance - end of year	\$	761,548	\$	761,548	\$ 1,	227,461	\$	465,913

Logan County Public Library Schedule of the Library's Proportionate Share of the Net Pension Liability and Schedule of Library's Contributions **County Employees Retirement System**

Schedule of the Library's Proportionate Share of t	he Net Pe	ension Liability -	- CERS
As of June 30,		2016	2015
District's proportion of the net pension liability		0.016342%	0.016591%
District's proportionate share of the net pension			
liability	\$	702,619 \$	538,000
	Ψ	, 0 2 ,013	333,000
District's covered - employee payroll	\$	381,514 \$	380,617
District's proportionate share of the net pension			
liability as a percentage of its covered-employee			
payroll		54.30%	70.75%
payron		54.5070	70.7570
Plan fiduciary net position as a percentage of the			
total pension liability		59.97%	66.8%
Schedule of the Library's Contrib	utions - C	CERS	
For the Year Ended June 30,		2016	2015
Contractually required contribution		\$ 52,978	\$ 48,643
Contributions in relation to the contractually required			
contribution		\$ 52,978	\$ 48,643
Contribution deficiency (excess)		\$ -	\$ -

Contributions as a percentage of covered-employee

payroll 12.42% 12.75%

\$

426,554 \$ 381,514

Changes of Benefit Terms

District's covered-employee payroll

None noted.

Changes of Assumptions

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Logan County Public Library
Schedule of the Library's Proportionate Share of the
Net Pension Liability and Schedule of Library's Contributions
County Employees Retirement System

- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.



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*

To the Board of Trustees Logan County Public Library Russellville, Kentucky Carr, Riggs & Ingram, LLC

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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 Logan County Public Library (the "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 23, 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 (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 the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

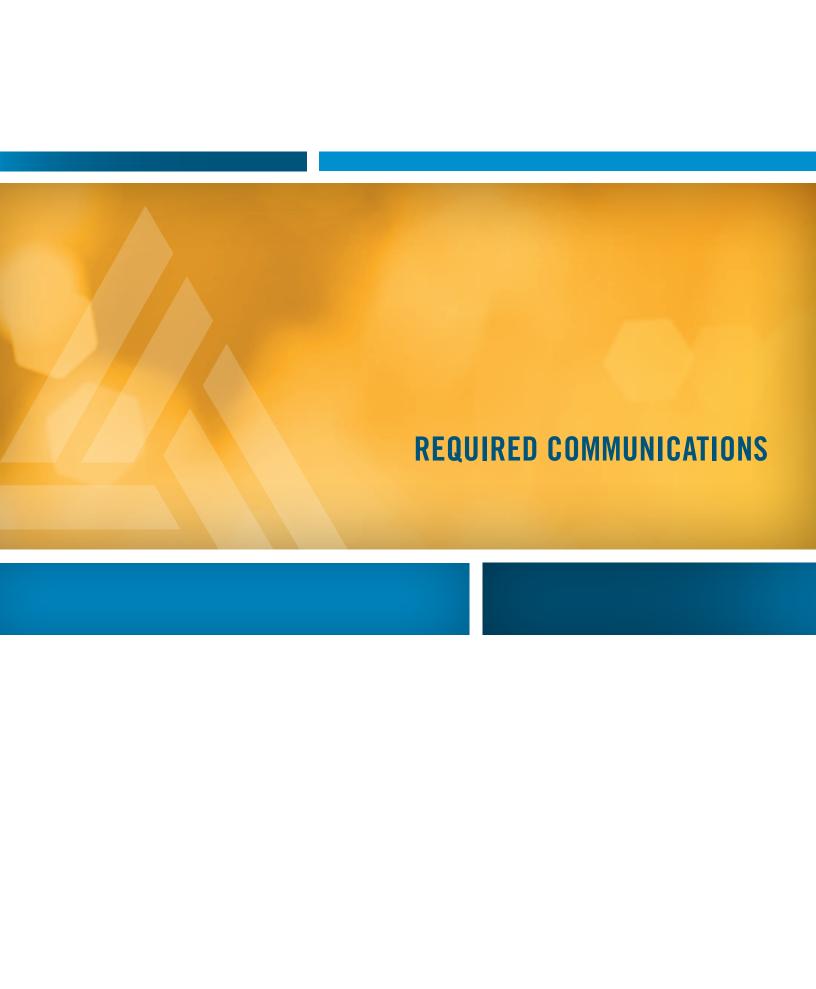
As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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.

Can, Rigge & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC Russellville, Kentucky November 23, 2016



Carr, Riggs & Ingram, LLC



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www.cricpa.com

November 23, 2016

To the Board of Trustees Logan County Public Library Russellville, Kentucky

We are pleased to present the results of our audit of the June 30, 2016 financial statements of the Logan County Public Library (the "Library").

This report to the Board of Trustees and management summarizes our audit, the report issued and various analyses and observations related to the Library's accounting and reporting. The document also contains the communications required by our professional standards.

Our GAAP audit was designed, primarily, to express opinions on the Library's June 30, 2016 financial statements. We considered the Library's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the Library's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the use of the Library and management of the Library and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 270-782-0700 or lwhite@cricpa.com.

Very truly yours,

Carr, Riggs & Ingram, LLC

Can, Rigge & Ingram, L.L.C.

As discussed with the Board of Trustees and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Library. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Library, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards in order to express an opinion on the Library's financial statements for the year ended June 30, 2016.
- Communicate directly with Library management and Board members regarding the results of our procedures;
- Address with Library management and Board members any accounting and financial reporting issues;
- Anticipate and respond to concerns of Library management; and
- Other audit-related projects as they arise and upon request.

We have audited the financial statements of the Logan County Public Library for the year ended June 30, 2016, and have issued our report thereon dated November 23, 2016. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Auditors' responsibility under Generally Accepted Auditing Standards	We have audited the financial statements of the governmental activities and the major fund of the Library for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated April 4, 2016. Professional standards also require that we communicate to you the following information related to our audit.
Client's responsibility	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."
Potential effect on the financial statements of any significant risks and exposures Major risks and exposures facing the Library and how they are disclosed.	No such risks or exposures were noted.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles • The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of	None noted.
significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. • The auditor should also discuss the auditors'	
judgment about the quality, not just the acceptability, of the Library's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Library in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;	
• Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor. Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.	

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Significant difficulties encountered in the audit Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.	None noted.
Disagreements with management Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.	None noted.
Other findings or issues Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.	None noted.
Corrected and uncorrected misstatements All significant audit adjustments arising from the audit, whether or not recorded by the Library, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.	Please see the following section titled "Summary of Audit Adjustments."

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Major issues discussed with management prior to retention Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.	None noted.
Consultations with other accountants When management has consulted with other accountants about significant accounting or auditing matters.	None of which we are aware.
Written representations A description of the written representations the auditor requested (or a copy of the representation letter).	See "Management Representation Letter" section.
Internal control deficiencies Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.	See reports in the "Financial Statements" section.
Fraud and illegal acts Fraud involving senior management of the Library or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
Other information in documents containing audited financial statements The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Other Matters Required supplementary information and supplementary information that will accompany the basic financial statements.	We applied certain limited procedures to Management's Discussion and Analysis, the Budgetary Comparison, and select pension information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Library's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Fixed	The Library's capital assets	X	Depreciation computed	The Library's
Assets	are capitalized at cost and		on straight-line method	policies are in
	depreciated on the straight-		over the assets' useful	accordance with
	line method.		life based on the	all applicable
			Library's capitalization	accounting
			policy.	guidelines.
Net	The Library follows	X	Net pension liability is	Guidelines appear
Pension	guidance as defined in GASB		determined by the cost-	properly followed.
Liability	Statement No. 68 relating to		sharing plan's actuary	
	pension reporting for		and agreed to the Plan's	
	employers.		audit.	

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the Library and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Library or passed (uncorrected).

There were adjustments, as a result of our audit procedures.

The schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to each opinion unit's financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in net position or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Library's operating environment that has been identified as playing a significant role in the Library's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Audit Adjustments

June 30, 2016 – Government-wide Governmental Activities

Effect on Financial Statements — Over (Under) Statement

Description	Amount of Difference	Total Assets	Total Liabilities	E	quity	Revenues	Expenses	Net Change
To adjust library collections to actual at June 30, 2016.	\$ 2,535	\$ (2,535)	\$ -	\$	(2,535)	\$ -	\$ -	\$ -
	Net Effect	\$ (2,535)	\$ -	\$	(2,535)	\$ -	\$ -	\$ -



November 23, 2016

Carr, Riggs & Ingram, LLC 922 State Street, Suite 100 Bowling Green, KY 42101

This representation letter is provided in connection with your audit of the financial statements of Logan County Public Library ("Library"), which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2016, and the respective changes in financial position for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 23, 2016, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 4, 2016 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and
 include all properly classified funds and other financial information of the Library and all
 component units required by generally accepted accounting principles to be included in the
 financial reporting entity.
- We acknowledge our responsibility 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.

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- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5. Significant assumptions we used in making accounting estimates are reasonable.
- Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing agreements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Library is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11. We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Library or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14. We have no knowledge of any fraud or suspected fraud affecting the entity and involves:

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- a. Management.
- Employees who have significant roles in internal control, or
- c. Others where the fraud could have a material effect on the financial statements.
- 15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators or others.
- 16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17. We are not aware of any pending or threatened litigation, claims, and assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims or assessments.
- 18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20. We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23. We have provided our views on reported findings, conclusions, and recommendation, as well as our planned corrective actions, for the report.
- 24. The Library has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit

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objectives, and any other instances that warrant the attention of those charged with governance

- 27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities, oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience, evaluate the adequacy and results of the services performed, and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31. The Library has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32. The Library has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

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- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38. Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44. We have appropriately disclosed the Library's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45. We are following our established accounting policy regarding which resources (this is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signed	9866	Signed	
Title	Director	Title	



Join Our Conversation



WEBSITE (CRIcpa.com)

CRI's website features financial calculators, current tax and estate tax guides, a record retention schedule, glossary of common financial terms, and hundreds of articles with topics ranging from current legislation to industry-specific news.



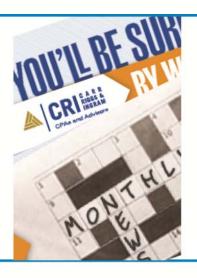
BLOG SITE (blog.CRIcpa.com)

Featuring articles and videos, CRI's interactive blog site provides helpful tips for readers both personally and professionally. Written by our partners from their perspective and experiences, these plain English explanations of current regulations and trends exemplify our commitment to open dialogue.



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We understand that just because a topic makes perfect sense to a CPA doesn't mean that it will to our clients. That's why we developed CRInsights, our in-depth yet down-to-earth explanations of complex topics.



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Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular recent topics include:

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- Navigating Alternative Minimum Tax (AMT)
- · Key Considerations of Health Care Law
- · Six Commandments of Estate Planning