

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

Year Ended June 30, 2021

WITH

Independent Auditors' Report

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

Year Ended June 30, 2021

WITH

Independent Auditors' Report

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CARROLL COUNTY PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

Year Ended June 30, 2021

WITH

Independent Auditors' Report

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BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

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**To the Board of Trustees
Carroll County Public Library District
Carrollton, Kentucky**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Carroll County Public Library District as of and for the year ended June 30, 2021, and the related notes to the financial statements. We were not engaged to audit the financial statements of the discretely presented component unit. These financial statements collectively comprise the Carroll County Public Library District'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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on the discretely presented component unit.

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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit

The financial statements of the Carroll County Public Library Foundation, Inc. (Foundation) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the District's basic financial statements. The Foundation's financial activities are included in the District's basic financial statements as a discretely presented component unit and represent 100% of the assets, net position, and revenues of the District's discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of the Carroll County Public Library District. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carroll County Public Library District, as of June 30, 2021, and the respective changes in financial position thereof 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 the schedules for pension and other postemployment benefits plans, as listed in the table of contents 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 29, 2021 on our consideration of Carroll County Public Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carroll County Public Library District's 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 Carroll County Public Library District's internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

Ft. Wright, Kentucky
November 29, 2021

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

This discussion and analysis of Carroll County Public Library District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please review it in conjunction with the attached financial statements.

Financial Highlights

- At the close of the fiscal year, the District's net position was \$809,095, a decrease of \$14,876, or 1.81%, from FY 2020.
- In the governmental funds, total revenues during the fiscal year decreased by \$29,372 and total expenditures decreased by \$323,320. The decrease in expenditures was primarily due to a decrease in capital outlay and salaries.
- At the close of the fiscal year, the District's governmental fund balance was \$1,217,839, an increase of \$183,269 or 17.71%, from FY 2020.

Overview of the Financial Statements

The Management Discussion and Analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

One of the most important questions to ask is whether the District is in better financial shape as a result of the year's activities. The two government-wide financial statements help answer this question. These two statements include all revenues, expenditures, assets and liabilities.

These two statements report the District's net position and changes in them. The change in net position – the difference between assets [what the District owns] and liabilities [what the District owes] – is one way to measure the District's financial health or position. Over time, increases and decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating. However, in evaluating the overall health of the District, non-financial factors such as improvements in services and capacity, also must be considered.

Fund Financial Statements

The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide more detailed information about the District's funds rather than the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Currently the District only has one fund.

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

Notes to the Financial Statements

The notes to the financial statements provide an expanded explanation that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget. This information can be found on pages 38 through 39 of this report.

Basis of accounting

All funds of the Carroll County Public Library District are maintained using the modified accrual basis of accounting, which is recommended by the Governmental Accounting Standards Board.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position decreased between FY 2020 and FY 2021 by \$14,876 or 1.81%. The majority of the District's assets (41.78%) are invested in capital assets.

The vast majority (93.63%) of revenue supporting all governmental activities is general revenue. The most significant portion of the general revenue is local property tax. The District also carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with attention to opportunities to increase yield. The District realized \$8,552 in interest revenue. The remaining amount of revenue received was in the form of program revenues, which equaled \$75,346 or 6.37% of total revenue. Table 2 on page 6 shows the change in net position for FY 2021 and FY 2020.

Table 1
Net Position

	Governmental Activities	
	FY 2021	FY 2020
Current assets	\$ 1,287,615	\$ 1,123,104
Capital assets	924,114	942,867
Total assets	2,211,729	2,065,971
Deferred outflows of resources	380,185	391,949
Total assets and deferred outflows	<u>\$ 2,591,914</u>	<u>\$ 2,457,920</u>
Current liabilities	\$ 69,776	\$ 88,534
Long-term liabilities	1,644,780	1,425,793
Total liabilities	1,714,556	1,514,327
Deferred inflows of resources	68,263	119,621
Total liabilities and deferred inflows	<u>\$ 1,782,819</u>	<u>\$ 1,633,948</u>
Invested in capital assets, net of debt	\$ 924,114	\$ 942,867
Unrestricted	(115,019)	(118,896)
Total net position	<u>\$ 809,095</u>	<u>\$ 823,971</u>

CARROLL COUNTY PUBLIC LIBRARY DISTRICT**MANAGEMENT'S DISCUSSION AND ANALYSIS****Year Ended June 30, 2021**

Table 2
Change in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 5,702	\$ 22,819
Operating grants and contributions	69,644	76,650
Total program revenues	75,346	99,469
General Revenues		
Property/motor vehicle taxes	889,797	889,639
Foreign trade zone distributions	209,460	206,879
Investment earnings	8,552	16,540
Total general revenues	1,107,809	1,113,058
Total revenues	1,183,155	1,212,527
Program expenses		
Personnel	727,569	813,676
Depreciation	93,281	108,421
Facility	205,408	180,980
Materials	27,992	37,877
Programs	38,185	65,756
Operating	105,596	114,465
Total expenses	1,198,031	1,321,175
(Decrease) in net position	\$ (14,876)	\$ (108,648)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year, the Library District's governmental funds reported balances of \$1,217,839, an increase of \$183,269 from the previous year.

General Fund Budgetary Highlights

Revenues - Actual general fund revenues were more than budgeted revenues by \$26,655, or 2.30%.

Expenses – Actual general fund expenses were less than budgeted expenses by \$150,714, or 13.10%.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets equaled \$924,114 as of June 30, 2021. During the year, capital assets valued at \$74,528 were added, while depreciation during the period was \$93,281. Further information about the District's capital assets can be found in Note 4 on page 19 of this report.

Long-term Debt

At fiscal year end, the District had no long-term borrowing debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year beginning July 1, 2021, general operating revenues are expected to be \$1,190,500. \$894,000 is budgeted for real estate, personal property, and motor vehicle taxes (75.09% of the total general operating revenue) based on estimates from the Kentucky Department for Local Government and the Kentucky Department for Libraries and Archives. In order to maintain service at the current level, the Board approved a tax rate of 11.10 cents per \$100 assessed valuation of real property, 12.50 cents per \$100 assessed valuation of personal property, and 3.23 cents per \$100 assessed valuation of motor vehicles.

The remaining 24.91% of the general operating revenue is composed of 5 miscellaneous sources. Of these categories, charges for services (which include fines and fees for late library materials, book sales, coffee income and passport filing fees) represents \$15,000, or 1.26% of the general operating revenue, interest on deposits represents \$3,000, or 0.25% of the general operating revenue, grants represent \$69,000, or 5.80%, foreign trade zone distribution represents \$209,000, or 17.56%, and other miscellaneous sources represents \$500, or .04%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and demonstrates the District's accountability for all money it receives. Please direct any questions you have about this report to Leslie Sutherland, Director, Carroll County Public Library District, 136 Court Street, Carrollton, KY 41008 or by calling 502-732-7020.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 777,243	\$ 28,483
Investments - certificates of deposit	279,441	103,423
Taxes receivable	15,968	-
Prepaid rent	211,240	-
Prepaid expenses	3,723	-
Depreciation reserve	-	14,600
CAPITAL ASSETS		
Books, publications and microfilm	\$ 301,255	-
Equipment and vehicle	180,762	2,000
Building	-	2,318,092
Land	407,918	-
Leasehold improvements	332,207	-
Artwork	1,700	-
Furniture and fixtures	276,052	-
Total Capital Assets	<u>1,499,894</u>	<u>2,320,092</u>
Less: accumulated depreciation	<u>(575,780)</u>	<u>(761,248)</u>
Total Capital Assets, Net	<u>924,114</u>	<u>1,558,844</u>
TOTAL ASSETS	<u>2,211,729</u>	<u>1,705,350</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	195,076	-
Deferred outflows related to OPEB	185,109	-
Total Deferred Outflows of Resources	<u>380,185</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,591,914</u></u>	<u><u>\$ 1,705,350</u></u>
LIABILITIES		
Accounts payable	\$ 17,766	\$ -
Accrued wages	40,744	-
Payroll liabilities	11,266	-
LONG-TERM LIABILITIES		
Notes payable	-	612,439
Net pension liability	1,251,040	-
Net OPEB liability	393,740	-
TOTAL LIABILITIES	<u>1,714,556</u>	<u>612,439</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension plan	37	-
Deferred inflows related to OPEB	68,226	-
Total Deferred Inflows of Resources	<u>68,263</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,782,819</u>	<u>612,439</u>
NET POSITION		
Invested in capital assets, net of related debt	924,114	946,405
Unrestricted	(115,019)	146,506
TOTAL NET POSITION	<u><u>\$ 809,095</u></u>	<u><u>\$ 1,092,911</u></u>

The accompanying notes are an integral part of this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
PRIMARY GOVERNMENT:					
Governmental Activities					
Personnel	\$ 727,569	\$ -	\$ -	\$ (727,569)	
Depreciation	93,281	-	-	(93,281)	
Facility	205,408	-	-	(205,408)	
Materials	27,992	-	-	(27,992)	
Programs	38,185	-	-	(38,185)	
Operating	105,596	-	-	(105,596)	
Revenue	-	5,702	69,644	75,346	
Total governmental activities	1,198,031	5,702	69,644	(1,122,685)	
COMPONENT UNIT:					
Foundation	78,843	98,696	2,085		21,938
GENERAL REVENUES:					
Real estate and property taxes				837,560	-
Motor vehicle taxes				52,237	-
Foreign trade zone distribution				209,460	-
Interest income				8,552	2,294
Total general revenues				1,107,809	2,294
CHANGE IN NET POSITION				(14,876)	24,232
NET POSITION - BEGINNING OF YEAR				823,971	1,068,679
NET POSITION - END OF YEAR				\$ 809,095	\$ 1,092,911

The accompanying notes are an integral part of this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 777,243	\$ 777,243
Investments - certificates of deposit	279,441	279,441
Accounts receivable	15,968	15,968
Prepaid rent	211,240	211,240
Prepaid expenses	<u>3,723</u>	<u>3,723</u>
TOTAL ASSETS	<u><u>\$ 1,287,615</u></u>	<u><u>\$ 1,287,615</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 17,766	\$ 17,766
Accrued wages	40,744	40,744
Payroll liabilities	<u>11,266</u>	<u>11,266</u>
Total Liabilities	<u>69,776</u>	<u>69,776</u>
FUND BALANCES		
Nonspendable	214,963	214,963
Unassigned	<u>1,002,876</u>	<u>1,002,876</u>
Total Fund Balances	<u>1,217,839</u>	<u>1,217,839</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,287,615</u></u>	<u><u>\$ 1,287,615</u></u>

The accompanying notes are an integral part this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2021

Total Governmental Fund Balances **\$ 1,217,839**

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental funds. 924,114

Deferred outflows and inflows of resources related to pensions are
applicable to future periods and, therefore, are not reportable in
the governmental funds:

Deferred outflows of resources	195,076	
Deferred inflows of resources	<u>(37)</u>	
		195,039

Deferred outflows and inflows of resources related to OPEB are
applicable to future periods and, therefore, are not reportable in
the governmental funds:

Deferred outflows of resources	185,109	
Deferred inflows of resources	<u>(68,226)</u>	
		116,883

Long-term liabilities are not due and payable in the current period
and therefore, are not reported in the governmental funds.

Net pension liability	(1,251,040)	
Net OPEB liability	<u>(393,740)</u>	
		<u>(1,644,780)</u>

Net Position of Governmental Activities **\$ 809,095**

The accompanying notes are an integral part this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

Year Ended June 30, 2021

	<u>General</u>	<u>Total Governmental Funds</u>
REVENUES		
Real estate, property and motor vehicle taxes	\$ 889,797	\$ 889,797
Foreign trade zone distribution	209,460	209,460
Grants	69,450	69,450
Interest	8,552	8,552
Miscellaneous	3,579	3,579
Fines and fees	2,123	2,123
Donations	194	194
Total Revenues	<u>1,183,155</u>	<u>1,183,155</u>
EXPENDITURES		
Salaries	367,926	367,926
Employee benefits	153,817	153,817
Rent	98,696	98,696
Building repairs and maintenance	71,117	71,117
Computer expenses	36,243	36,243
Books and periodicals	34,408	34,408
Professional fees	33,778	33,778
Other repairs and maintenance	30,306	30,306
Electronic resources	29,833	29,833
Payroll taxes	26,432	26,432
Capital outlay	25,206	25,206
Library programs and services	25,020	25,020
Utilities and telephone	21,118	21,118
Insurance	14,478	14,478
Community partnerships	12,795	12,795
Advertising	6,687	6,687
Miscellaneous	6,529	6,529
Staff education	2,352	2,352
Office expense	1,347	1,347
Scholarships	1,000	1,000
Vehicle fuel and maintenance	428	428
Printing	370	370
Total Expenditures	<u>999,886</u>	<u>999,886</u>
CHANGE IN FUND BALANCE	183,269	183,269
FUND BALANCE - BEGINNING OF YEAR	<u>1,034,570</u>	<u>1,034,570</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,217,839</u></u>	<u><u>\$ 1,217,839</u></u>

The accompanying notes are an integral part of this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2021

Net Change in Fund Balance-Total Governmental Funds	\$ 183,269
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This amount is the net effect of these differences in the treatment of capital assets and related items.

Depreciation	\$ (93,281)	
Capital asset acquisitions	<u>74,528</u>	
		(18,753)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions	69,221	
Cost of benefits earned	<u>(221,494)</u>	
		(152,273)

District OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net OPEB liability is measured a year before the District's report date. OPEB expense, which is the change in the net OPEB liability adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the Statement of Activities.

District OPEB contributions	17,072	
Cost of benefits earned	<u>(44,191)</u>	
		(27,119)

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ (14,876)</u></u>
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The accompanying notes are an integral part this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll County Public Library District (District) is located in Carrollton, Kentucky and is a special taxing district and was established for the operation and maintenance of a public library which provides educational materials and other worthwhile services to the residents of Carroll County, Kentucky, and the surrounding areas. The District's operations are supervised by the Kentucky Department of Libraries and Archives.

Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary Government: Carroll County Public Library District

Discretely Presented Component Unit: Carroll County Public Library Foundation, Inc.

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the District appointed a voting majority of the units' board, the District is either able to impose its will on the unit, or a financial benefit or burden relationship exists.

Discretely Presented Component Unit

The component unit discretely presented in the District's report is presented below:

Component Unit	Brief Description/Inclusion Criteria
Carroll County Public Library Foundation, Inc.	Created March 19, 1987, to stimulate voluntary financial support for the District, to support, encourage and enhance the programs and facilities of the District, to assist in financing capital improvements for the District and to acquire and administer funds devoted to these programs. It operates on a calendar year and the financial statements included are for the year ended December 31, 2020. It leases the library facility to the District.

The District's basic financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies established in GAAP and used by the District are discussed below:

A. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District currently has no funds that are classified as business-type activities.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. **Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District.

- a. **General fund** is the general operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

2. **Fund Balances:**

GASB Statement 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. In the fund financial statements, governmental fund balances can be presented in five possible categories:

Non-spendable – resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or governmental laws or regulations or imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the District imposes on itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.

Unassigned – amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

For the purpose of these financial statements, cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less.

F. Income Taxes

The Carroll County Public Library District is a component of county government and is exempt from federal and state income taxes.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Paintings and works of art are not depreciated because of their extraordinarily long useful lives. Depreciation on all other assets is provided on the straight-line basis over the following estimated useful lives:

Books, publications, microfilm	5 years
Equipment and vehicle	5-7 years
Leasehold improvements	7-39.5 years
Furniture and fixtures	5-7 years

H. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

I. Pensions

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

J. Other Postemployment Benefits Plan (OPEB)

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

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows of Resources

The District 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. Deferred outflows of resources reported in this year's financial statements relate to the District's pension plan and OPEB plan and include (1) contributions made to the District's pension plan and OPEB plan between the measurement date of the net pension liability and the end of the District's fiscal year, (2) differences between the expected and actual experience, (3) changes in assumptions, (4) difference between projected and actual earnings on plan investments and (5) changes in the proportionate share of the District's contributions to the pension fund and OPEB fund. The deferred amount related to the differences between expected and actual experience, changes in the proportionate share of the District's contributions to the pension fund and OPEB fund, and changes of assumptions in the pension fund and OPEB fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. The deferred amount related to the difference between projected and actual earnings on plan investments will be recognized over a closed five-year period beginning in the current reporting period. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

L. Deferred Inflows of Resources

The District's statement of net position reports 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 reported in this year's financial statements relate to the District's pension plan and OPEB plan and include (1) changes in the proportionate share of the District's contributions to the pension fund and OPEB fund (2) differences between expected and actual experience and (3) changes in assumptions. The deferred amount related to the changes in the proportionate share of the District's contributions to the pension fund and OPEB fund, the amount related to the differences between expected and actual experience, and changes of assumptions in the pension fund and OPEB fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred inflows of resources affect the governmental funds financial statements in the current year.

M. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 – CONCENTRATION OF CREDIT RISK

The District's deposits at June 30, 2021, consist of cash and certificates of deposit. The District's deposits were partially insured by Federal Depository Insurance. Deposits in excess of the Federal Depository Insurance limit are to be collateralized with securities held by the bank, its trust department or by its agent, but not in the District's name. The carrying amount of the District's deposits with financial institutions at June 30, 2021 was \$1,056,684 and the bank balance was \$1,062,440. Of the total bank balance, \$500,000 was insured by Federal Depository Insurance and the remaining \$562,440 was collateralized with securities held by the financial institutions and pledged to collateralize the District's deposits.

Kentucky Revised Statutes authorize districts to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state charter banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

NOTE 3 – PROPERTY TAX CALENDAR

Property taxes for the year ended June 30, 2021 were levied in September 2020 on the assessed valuation of property located in Carroll County as of the January 1, 2020 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Per K.R.S. 134.020</u>
1. Due date for payment of taxes	Upon receipt
2. Face value amount payment date	by December 31
3. Delinquent dates,	
5% penalty, 12% interest	January 1 – January 31
20% penalty, 12% interest	After January 31

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

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Books, publications and microfilm	\$ 352,759	\$ 36,249	\$ (87,753)	\$ 301,255
Equipment and vehicle	167,018	13,744	-	180,762
Land	392,895	15,023	-	407,918
Leasehold improvements	327,973	4,234	-	332,207
Artwork	1,700	-	-	1,700
Furniture and fixtures	<u>270,774</u>	<u>5,278</u>	<u>-</u>	<u>276,052</u>
Total capital assets at cost	<u>1,513,119</u>	<u>74,528</u>	<u>(87,753)</u>	<u>1,499,894</u>
Accumulated depreciation	<u>(570,252)</u>	<u>(93,281)</u>	<u>87,753</u>	<u>(575,780)</u>
Total capital assets, net	<u>\$ 942,867</u>	<u>\$ (18,753)</u>	<u>\$ -</u>	<u>\$ 924,114</u>

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – EMPLOYEE’S PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the District are provided with pensions through the County Employees Retirement System (CERS)—a cost-sharing multiple-employer defined benefit pension plan. Per Kentucky Revised Statute Section 61.645, the Board of Trustees (the Board) of Kentucky Retirement Systems (KRS) administers the CERS. KRS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

Benefits provided. CERS provides retirement, disability, and death benefits. Retirement benefits are calculated based on a formula (final compensation times a benefit factor times years of service) and may be extended to beneficiaries of plan members under certain circumstances. Disability benefits are determined in a similar manner as retirement benefits, but vary based upon hire date, age and years of service. Death benefits vary based upon whether the employee was retired or working at the date of death and whether or not it was a duty-related death.

For retirement purposes, non-hazardous duty employees are grouped into three tiers, based on their hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced Retirement	27 years service or 65 years old
	Reduced Retirement	At least 5 years service and 55 years old, or At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87
	Reduced Retirement	At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87
	Reduced Retirement	Not available

Employees are vested in the plan after five years of service. Cost of living adjustments are provided at the discretion of the Kentucky General Assembly. No COLA has been granted since July 1, 2011.

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rates set by the Board for the year ended June 30, 2021 was 24.06%, of which 19.30% was for the pension fund and 4.76% was for the insurance fund. Contributions to the pension plan from the District were \$86,292 for the year ended June 30, 2021, of which \$69,220 was for the pension fund and \$17,072 was for the insurance fund.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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

At June 30, 2021, the District reported a liability of \$1,251,040 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. During the 2020 Legislative Session, Senate Bill 249 and House Bill 271 passed impacting changes in the funding period for the amortization of the unfunded liability as of June 30, 2019 and payments to a surviving spouse. The District’s proportionate share of the net pension liability was determined using the Districts’ actual contributions for the fiscal year ending June 30, 2020. This method was expected to be reflective of the Districts’ long-term contribution effort. At June 30, 2020, the District’s proportion was 0.016311%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$221,494. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,197	\$ -
Changes of assumptions	48,851	-
Net difference between projected and actual earnings on plan investments	31,305	-
Changes in proportion and differences between District contributions and proportionate share of contributions	14,503	37
District contributions subsequent to the measurement date	69,220	-
	<u>\$ 195,076</u>	<u>\$ 37</u>

The \$69,220 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:

2022	\$ 62,642
2023	35,461
2024	15,144
2025	12,572
2026	-
	<u>\$ 125,819</u>

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth rate	2.00%
Investment rate of return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 – June 30, 2018.

Changes of assumptions. Since the prior measurement date, there were no changes in assumptions.

Discount rate. The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Long-Term Expected Rate of Return. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below:

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	100%	

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 1,542,805	\$ 1,251,040	\$ 1,009,448

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

Payables to the pension plan

The District makes legally required contributions to the pension plan on a monthly basis. The monthly payment is due by the 10th of the following month. As of June 30, 2021, \$7,715 was payable to the pension plan, of which \$6,189 was for the pension fund and \$1,526 was for the insurance fund.

NOTE 6 – POSTEMPLOYMENT BENEFITS

Plan description. Employees of the District are provided with health care benefits through the Kentucky Retirement System Insurance Fund (Insurance Fund)—a cost-sharing multiple-employer health insurance plan. The Insurance Fund is part of CERS. Per Kentucky Revised Statute Section 61.701, the Board of Trustees (the Board) of Kentucky Retirement Systems (KRS) administers the health insurance benefit. KRS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits provided. The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2020 is \$13.58 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 5 Employee's Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2021 was 24.06%, of which 19.30 % was for the pension fund and 4.76% was for the insurance fund. See Note 5 for contributions to the plan from the District during the current fiscal year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$393,740 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. During the 2020 Legislative Session, Senate Bill 249 passed impacting changes in the funding period for the amortization of the unfunded liability as of June 30, 2019. The District's proportionate share of the net OPEB liability was determined using the Districts' actual contributions for the fiscal year ending June 30, 2020. This method is expected to be reflective of the Districts' long-term contribution effort. At June 30, 2020, the District's proportion was 0.016306%, which was a decrease of 0.000051% from its proportion measured as of June 30, 2019.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2021, the District recognized OPEB expense of \$44,191. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65,786	\$ 65,837
Changes of assumptions	68,488	416
Net difference between projected and actual earnings on plan investments	13,087	-
Changes in proportion and differences between District contributions and proportionate share of contributions	11,013	1,973
District contributions subsequent to the measurement date	26,735	-
	<u>\$ 185,109</u>	<u>\$ 68,226</u>

The \$26,735 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2022	\$	24,169
2023		28,042
2024		20,616
2025		18,091
2026		(770)
2027		-
	\$	<u>90,148</u>

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	Pre – 65: Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years Post – 65: Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 – June 30, 2018.

Discount rate. The discount rate used to measure the total OPEB liability was 5.34%. 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 25-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 5 Employee's Pension Plan. Additionally, the target allocation and best estimates of arithmetic nominal rates of return for each major asset class are the same as disclosed in Note 5.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, calculated using the discount rate of 5.34%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
District's proportionate share of the net OPEB liability	\$ 505,841	\$ 393,740	\$ 301,669

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare trend rate. The following presents the District's proportionate share of the net OPEB liability, calculated using the healthcare trend rate of noted above, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 304,853	\$ 393,740	\$ 501,607

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

Payables to the OPEB plan

The District makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10th of the following month. See Note 5 Employee's Pension Plan for payable as of June 30, 2021.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 – CONSTRUCTION COMMITMENT AND LEASE ARRANGEMENT

On March 9, 2006, the District transferred to its component unit, Carroll County Public District Foundation, Inc., the building in which the District has been located. This transfer was made in order for the Foundation to be able to secure a Construction loan. Renovation began in June 2006 on this building, as well as on an adjacent building which the Carroll County Public District Foundation already owned. In connection with the renovation, the District secured a Kentucky Department of Libraries and Archives Construction grant. This grant will distribute \$64,000 annually to the District to provide construction assistance for 20 years. The District will surrender the grant receipts to the Foundation in order for the construction debt to be paid. The construction grant will be reviewed bi-annually. Construction was completed in 2007 and the District entered into a lease on October 1, 2007. The lease agreement term is for thirty years beginning October 3, 2007 and ending October 2, 2038. The rent is \$89,096 annually. The District has decided to make voluntary increased rent payments of \$9,600 for the year ended June 30, 2021. Annually the District will make payments of \$98,696 so the Foundation loan is repaid in the same 20-year term the Construction Grant is received. The District is responsible for all necessary repairs and maintenance, utilities and insurance.

The future minimum lease payment relating to the District lease as of June 30, 2021 are summarized below:

Fiscal Year	
Ending	
<u>June 30</u>	<u>Total</u>
2022	\$ 89,096
2023	89,096
2024	89,096
2025	89,096
2026	89,096
2027-2031	234,238
2032-2036	445,478
2037-2038	178,191
	<u>\$ 1,303,387</u>

NOTE 8 – OPERATING LEASE COMMITMENTS

In June 2020, the District entered into an operating lease agreement for a postage meter. The lease will expire in June 2025.

In February 2021, the District entered into an operating lease agreement for a copier. The lease will expire in February 2026.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 – OPERATING LEASE COMMITMENTS (CONTINUED)

The approximate future minimum lease payments relative to the operating leases as of June 30, 2021 are summarized as follows:

Fiscal Year Ending June 30	<u>Postage Meters</u>	<u>Copier</u>	<u>Total</u>
2022	\$ 692	\$ 7,977	\$ 8,669
2023	692	7,977	8,669
2024	692	7,977	8,669
2025	519	7,977	8,496
2026	-	4,653	4,653
	<u>\$ 2,595</u>	<u>\$ 36,561</u>	<u>\$ 39,156</u>

NOTE 9 – CORONAVIRUS

As of and subsequent to the date of these financial statements, the World has been responding to an outbreak of respiratory disease caused by a novel coronavirus (COVID-19). COVID-19 has been declared a pandemic by the World Health Organization, and declared a national emergency in the United States of America. The outbreak and response have impacted financial and economic markets across the world and within the United States of America. While the District continues to monitor this emergency and adjust accordingly, the impact to the District is uncertain as of the date of these financial statements, and as such no adjustment has been made to these financial statements.

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 29, 2021, the date which the financial statements were available to be issued. No events occurred which would have a material effect on the financial statements of the District as of that date.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

County Employees Retirement System

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.016311%	0.016361%	0.016052%	0.015045%	0.013626%	0.013571%	0.012546%			
District's proportionate share of the net pension liability (asset)	\$ 1,251,040	\$ 1,150,676	\$ 977,616	\$ 880,630	\$ 670,900	\$ 583,478	\$ 407,048			
District's covered-employee payroll	\$ 422,634	\$ 412,688	\$ 397,858	\$ 366,305	\$ 325,053	\$ 316,625	\$ 287,824			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	296.01%	278.82%	245.72%	240.41%	206.40%	184.28%	141.42%			
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%			

* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

County Employees Retirement System

	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 69,220	\$ 81,568	\$ 66,938	\$ 57,610	\$ 51,100	\$ 40,372	\$ 40,370	\$ 39,547		
Contributions in relation to the contractually required contribution	<u>\$ (69,220)</u>	<u>\$ (81,568)</u>	<u>\$ (66,938)</u>	<u>\$ (57,610)</u>	<u>\$ (51,100)</u>	<u>\$ (40,372)</u>	<u>\$ (40,370)</u>	<u>\$ (39,547)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
District's covered-employee payroll	\$ 358,654	\$ 422,634	\$ 412,688	\$ 397,858	\$ 366,305	\$ 325,053	\$ 316,625	\$ 287,824		
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.40%	12.75%	13.74%		

The accompanying notes are an integral part of this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION

June 30, 2021

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

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered structure for benefit accrual rates
2. New retirement eligibility requirements
3. Difference rules for the computation of final average compensation

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

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%.
- 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.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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CARROLL COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

County Employees Retirement System

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net OPEB liability (asset)	0.016306%	0.016357%	0.016052%	0.015045%						
District's proportionate share of the net OPEB liability (asset)	\$ 393,740	\$ 275,117	\$ 285,000	\$ 302,456						
District's covered-employee payroll	\$ 422,634	\$ 412,688	\$ 397,858	\$ 366,305						
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	93.16%	66.66%	71.63%	82.57%						
Plan fiduciary net position as a percentage of the total pension liability	51.67%	60.44%	57.62%	52.39%						

* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT
SCHEDULE OF DISTRICT OPEB FUND CONTRIBUTIONS

County Employees Retirement System

	Last 10 Fiscal Years									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 17,072	\$ 20,118	\$ 21,707	\$ 18,699	\$ 17,326					
Contributions in relation to the contractually required contribution	<u>\$ (17,072)</u>	<u>\$ (20,118)</u>	<u>\$ (21,707)</u>	<u>\$ (18,699)</u>	<u>\$ (17,326)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
District's covered-employee payroll	\$ 358,654	\$ 422,634	\$ 412,688	\$ 397,858	\$ 366,305					
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%	4.71%					

The accompanying notes are an integral part of this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2021

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

2003: Medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003.

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

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.
- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years to an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.5% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years to an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

2018

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

2020

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2021

- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years to an initial trend starting at 2.90%, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2021

	Original and Final Budget	Actual
REVENUES:		
Real estate, property and motor vehicle taxes	\$ 855,000	\$ 889,797
Foreign trade zone distribution	172,000	209,460
Grants	86,000	69,450
Interest	18,000	8,552
Miscellaneous	11,000	3,579
Fines and fees	14,500	2,123
Donations	-	194
Total revenues	<u>1,156,500</u>	<u>1,183,155</u>
EXPENDITURES:		
PROGRAM SERVICES		
Library programs and services	60,000	25,020
Books and periodicals	52,500	34,408
Electronic resources	47,500	29,833
Total program services	<u>160,000</u>	<u>89,261</u>
SUPPORTING SERVICES		
Salaries	435,000	367,926
Employee benefits	158,000	153,817
Rent	99,600	98,696
Building repairs and maintenance	48,000	71,117
Computer expenses	35,000	36,243
Professional fees	39,000	33,778
Other repairs and maintenance	35,000	30,306
Payroll taxes	32,000	26,432
Capital outlay	9,000	25,206
Utilities and telephone	25,800	21,118
Insurance	15,000	14,478
Community partnerships	14,000	12,795
Advertising	7,000	6,687
Miscellaneous	7,000	6,529
Staff education	15,000	2,352
Office expense	6,000	1,347
Scholarships	3,000	1,000
Vehicle fuel and maintenance	1,000	428
Printing	6,200	370
Total supporting services	<u>990,600</u>	<u>910,625</u>
Total expenditures	<u>1,150,600</u>	<u>999,886</u>
CHANGE IN FUND BALANCES	5,900	183,269
FUND BALANCE - BEGINNING OF YEAR	<u>1,034,570</u>	<u>1,034,570</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,040,470</u></u>	<u><u>\$ 1,217,839</u></u>

The accompanying notes are an integral part of this statement.

CARROLL COUNTY PUBLIC LIBRARY DISTRICT

NOTES TO BUDGETARY COMPARISON SCHEDULE

June 30, 2021

NOTE A – BUDGETING POLICIES

The District follows the procedures established pursuant to Section 164.655 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. The budget for the general fund is adopted on a basis consistent with the accrual basis of accounting. Budgeted amounts in the financial statements are as adopted by the District Board.

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**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
Carroll County Public Library District
Carrollton, Kentucky**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Carroll County Public Library District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Carroll County Public Library District's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carroll County Public Library District's internal control over financial reporting (internal control) as a basis for designing 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 Carroll County Public Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carroll County Public Library District'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 Carroll County Public Library District'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 financial statements. 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.

Bramel & Ackley, P.S.C.

Ft. Wright, Kentucky
November 29, 2021