

**OLDHAM COUNTY PUBLIC LIBRARY**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2021**

**With**

**Independent Auditor's Report**

**OLDHAM COUNTY PUBLIC LIBRARY**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2021**

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**Independent Auditor's Report**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b><u>REQUIRED SUPPLEMENTARY INFORMATION:</u></b>	
Management's Discussion and Analysis	3 - 6
<b><u>BASIC FINANCIAL STATEMENTS:</u></b>	
Governmental Funds Balance Sheet and Statement of Net Position	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	8
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	10
Schedule of Expenditures	11
Notes to Financial Statements	12 – 27
<b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (Non-GAAP Cash Basis)	28
Schedule of the Library's Proportional Share of the Net Pension Liability	29
Schedule of Library Pension Fund Contributions	30
Notes to the Required Pension Supplementary Information	31
Schedule of the Library's Proportional Share of the Net OPEB Liability	32
Schedule of Library OPEB Fund Contributions	33
Notes to the Required OPEB Supplementary Information	34
<b><u>GOVERNMENTAL AUDITING STANDARDS</u></b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	35 - 36

**ADKISSON & COMPANY, PSC**

Certified Public Accountants

12730 Townepark Way, Suite 103

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Oldham County Public Library  
LaGrange, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund of the Oldham County Public Library, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and the related schedule of expenditures as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the general purpose 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 general purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**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 of the Oldham County Public Library as of June 30, 2021, and the respective changes in financial position thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Oldham County Public Library  
Page 2

## **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 the 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 Audit Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the Oldham County Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oldham County Public Library's internal control over financial reporting and compliance.

*Adkisson & Company, PSC*

Certified Public Accountants

December 16, 2021

## Oldham County Public Library Management's Discussion and Analysis Fiscal Year 2020-2021

The Oldham County Public Library ('the Library') is a special taxing district authorized under KRS 173.710 by a petition of the citizens of Oldham County in 1969. The Library Board of Trustees sets and approves the budget based on the annual fiscal year starting July 1<sup>st</sup> and ending June 30<sup>th</sup>. The volunteer five-member governing board operates under fixed terms as specified by law. The Library Board of Trustees meets once a month. Over the course of the year, the Board monitors the budget and policies of the library. In addition to having annual audits performed, the Library system completes an Annual Report that contains financial and other statistical information that is provided to the Kentucky Department for Libraries and Archives in the state capitol. Other information about the library system is available at the library's web site ([www.oldhampl.org](http://www.oldhampl.org)).

The Library started the fiscal year while still dealing with the ramifications of the COVID-19 pandemic. While our doors were again open to the public we did not provide in-person programs for the entire fiscal year. We did however invest heavily in our virtual programs, to the delight of many in our community. We found an audience that we didn't know we were missing. Virtual book clubs and craft hours and story times kept our community connected to each other and to us. We also added a suite of online products to support students learning at home and families trying to keep up. We purchased an online tutoring product to help middle and high schoolers with their more complex subjects as well as a content database offered through Scholastic that provides teachers and parents with worksheets and activities to support various common core learning units. Take-home activity crates have proven to be another hit that will likely remain a permanent fixture of our services. We are currently sending home over 1,500 kits a month that tie in with our virtual programs. OCPL has exhibited its characteristic creativity and can-do attitude to ensure that Oldham County families have the support they need during this difficult time.

### Accountability and Transparency

1. The Oldham County Public Library is required to submit an extensive report each year that includes statistics in all areas of the library's operation; fiscal data; information about trustees including how long they have served, how many meetings attended, whether they received training; whether they have adopted policies in critical areas, and how often they met. Reports are signed by the Board President and County Judge Executive and then submitted to the Kentucky Department for Libraries and Archives (KDLA.) A Regional Librarian consultant reviews the report. A second review is completed by the state library staff for missing or questionable data. When validated, the survey is submitted to the Institute for Museum and Library Services (IMLS) for federal government review and compilation with libraries from all 50 states. KDLA provides state funding only when the annual report has been completed and signed by the appropriate officials. The annual reports for all the libraries are combined into a single statistical report which is made available on KDLA's website where statistics from all the libraries can be reviewed and compared. <https://kdla.ky.gov/librarians/plssd/Pages/LibraryStatistics.aspx>.
2. Before state funding is provided to the library, the library must also provide a copy of its latest audit performed by a qualified firm using GASB standards that comply with KRS 75.065.
3. To ensure that board appointments are being made according to law, 6 months prior to the expiration of a term KDLA issues notice to the library that the term is expiring. Boards are urged to begin consideration of the two names that can be considered for appointment by the

County Judge Executive. If candidates are not nominated by the library or nominations are not made by the County Judge Executive promptly (as required by law), then KDLA follows up.

4. In 2012, the Kentucky Public Library Association and KDLA established a Trustee Certification Program modeled on the Librarian Certification Program created by the Legislature in 1938. In order to become certified, a trustee must review 5 separate lessons on roles of the trustee and director, effective board organization; finance and oversight, policies, and planning and advocacy.
5. KDLA has developed a Trustee Manual that provides comprehensive information for trustees including laws and best practices for overseeing the work of the library. Printed copies of the manual are provided for trustees and the manual is also found on the KDLA website. Updates are provided as laws change and as new information become available.
6. The Kentucky Public Library Association and KDLA have collaborated to create Standards for Public Libraries covering areas of governance including legal obligations, effective director and board leadership, fiscal operations, planning, and adequate policies. The Oldham Library has achieved the “*Enhanced*” level ratings since 2009. It is obvious that the Library falls short in the overall size of its facilities. Consequently, the collections size is also below the level at which it should be for a county the size of Oldham. Hence the desire to increase the size of the District’s two branch libraries has been tantamount since the Main Library was constructed in 2009. Oldham County is the 13th largest county by population in Kentucky with an estimated current population of 67,607.

In this fiscal year, the Library District used a tax rate of 4.1 cents per \$100 of assessed value for real property and 9.33 cents per \$100 of assessed value for tangible personal property. Statewide comparisons for Kentucky per capita support ranked Oldham County as somewhat above average with a per capita support of \$47.19. The average Kentucky per capita support is \$47.07. The highest per capita support rate in Kentucky is \$144.35. (*According to the 2019-2020 Statistical Report for Kentucky Libraries.*)

During FY2020-2021 the Library received \$3,111,746 in total revenue. Of that amount, \$2,946,340 was from local property taxes. This represents a tax revenue increase of \$104,710 from the previous year. 94.6% of the Library’s total revenue came from local property taxes. \$127,735 was from government and other grants and aid. The library did not charge fines during FY2020-2021 due to the COVID-19 pandemic. The Board of Trustees voted to go permanently “fine-free” as of July 1, 2021 in regards to overdue fines. Patrons will still be charged for lost or damaged materials. This move was a part of a widely popular national wave, as libraries across America instituted this change in response to communities struggling economically during the upheaval of the pandemic. This change means the library will receive approximately \$20,000 less per year in fine revenue.

The Library received it’s annual \$120,000 Public Library Construction Debt Retirement Grant from KDLA. This grant was awarded in 2009 to support the construction of the LaGrange branch. Unfortunately, the Kentucky Department for Libraries and Archives (KDLA) was forced to eliminate State Aid to public libraries due to a lack of funding in the state budget. This represents a decrease in yearly grant income of approximately \$25,000.

The library receives its tax income in several pay-outs. The largest tax income pay-out is received when the real estate property taxes are collected and distributed sometime in the final quarter of the calendar year. The rest of the income arrives in diminishing amounts throughout the year. Reserve funds are needed for debt retirement and to operate the Library between the

end of one fiscal year in June until bulk of the tax revenue is received in November or December. Financial advisors suggest that enough operating funds be held by the Library for operations and salaries during these months when no income other than fines, donations and other fees are received. The Library, by policy, holds enough funds in its Operational Reserve to operate for six months in a fiscal emergency.

The library maintains an Emergency Reserve that may be used for unforeseen emergencies such as unusually late tax collection, replacement or major repair to systems such as roof or HVAC, replacement of materials and fixtures due to emergency, or any other circumstance that would hinder normal operation of the Library. The Board of Trustees keeps \$500,000 in this fund. This fund amount will be evaluated annually to confirm that it is still adequate to deal with foreseeable emergencies.

The library also maintains a Capital Facility Reserve that will be used to support long-term capital improvements including major furniture replacement, vehicle purchase or replacement, or construction projects forecasted to occur over the next ten years. The Board of Trustees may consult with financial advisors, architects, or other consultants to determine capital needs over the ten-year period. This fund may also be used to provide for early retirement of debt such as bonds or loans related to prior construction and land acquisition projects or potential obligations related to the pension system and OPEB. Monies will be added to this fund as they are available after the other funds have met the targeted goals listed above. After consideration of those goals, the Library will endeavor to add an amount equal to 5% of total annual expenditures to the Capital Facility reserve each year. If a large capital construction project moves into an active planning process, this policy will be updated to reflect appropriate financial preparation for that project. As of June 30, 2021, the Board of Trustees has earmarked \$3,303,925 for the Capital Facility Reserve Fund.

The library spent \$2,720,323 for FY2020-2021. The breakout of the budget shows 56.5% (\$1,537,302) of the actual budget went toward payroll and benefits. 8.2% percent (\$223,995) of the budget went toward the purchase of books and materials, including database subscriptions. Operating costs were \$573,438, 21% of expenditures.

Items checked out during FY2020-2021 increased to 394,566, an increase of 7.2% over the prior year. While circulation has not fully rebounded to pre-pandemic levels, this increase indicates that the library only needs to increase circulation by another 10% to be fully back where we were before COVID-19.

Other statistical information gleaned from the Annual Report that is compiled and delivered to the Kentucky Department for Libraries and archives offer additional information about how the Oldham County Library District serves the Oldham community.

- 93,000 visitors came into the libraries last year. These patrons came for free access to books, magazines, research materials, online information and computers, reference assistance from trained librarians, best sellers in multiple formats (print, audio, downloadable and e-book), movies, music, tax preparation help, and more. Unfortunately, the bulk of the library's programs were forced to shift to an interactive digital format during the pandemic. While this showed us a whole new demographic that could now enjoy our services, it did lead radically lower foot traffic. The library reopened to the public at the start of FY2020-2021, but concern over the pandemic kept foot traffic low as people took advantage of drive-thru and curbside service as well as our digital downloads.

- ▶ From July 2020 to June 2021, librarians led 9 in-person events attended by 186 Oldham residents. We also offered over 300 interactive virtual programs that were attended by over 5,350 people. To offset the lack of in-person programming, the library sent home over 5,331 individual maker kits for families to enjoy together at home and during the virtual programs. These kits focused on everything from science, journaling, cooking and art, to everything in between. While they were an enormous amount of work to assemble and disseminate, the return on investment was priceless to see pictures of families across the county enjoying family time with one of our learning kits.
- ▶ The Oldham County Library provided 4,800 free one-hour Internet sessions to people using library computers. This does not include the countless cars in our parking lots taking advantage of free wi-fi at our three locations. We boosted the signal to accommodate more users and left the signal on 24 hours a day to accommodate those struggling to work and learn from home.
- ▶ The three libraries house 83,808 books, and 121 magazine subscriptions. By virtue of the consortium called Kentucky Libraries Unbound, the OCPL also provides 171,000 electronic books. Twelve newspaper subscriptions are delivered daily to all three libraries; the audio/visual collection equals 9,282 movies and 48,645 audio books (downloadable and physical units.)
- ▶ With the library budget we pay the salaries of our employees, maintain 3 buildings, purchase new collections and refresh worn collections, maintain and update 78 public access computers and wifi and provide 24/7 access to thousands of dollars of online research collections via our website. In FY2020-2021, we purchased additional digital services to offer even more support to students and families struggling with virtual school. Products included an at-home live tutoring service, and Scholastic Teachables, which offers thematic unit-based worksheets and activities that support elementary age learners. The library also launched a new modernized website that provides enhanced ADA compliance for those with visual impairments. This was packaged with a full rebrand of our logo and color suite that represents a library in tune with the modern world.
- ▶ The Branch libraries serving the Crestwood and Goshen communities in Oldham County are currently severely constrained in size and unable to meet all the service demands of a modern 21<sup>st</sup> century library.
- ▶ Even with the 30,000 square foot size of the Main Library, the small facility sizes of the branch libraries prohibit the Library from achieving standards in the state regarding facility and collection size.

The Library District's goal is to provide well-maintained, aesthetically pleasing, comfortable and easily accessible facilities that serve as community hubs and resource centers.

If you have any questions about this report or need additional financial information please contact the Director, Jessica L. Powell, at the Oldham County Public Library, 308 Yager Avenue, LaGrange, KY 40031. Phone: (502) 222-9713 ex. 304; Fax: (502) 222-1141; Email: [Jessica.Powell@oldhampl.org](mailto:Jessica.Powell@oldhampl.org).



**OLDHAM COUNTY PUBLIC LIBRARY  
GOVERNMENTAL FUNDS BALANCE SHEET  
AND STATEMENT OF NET POSITION**

June 30, 2021

	General Fund	Adjustments (Note A)	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 5,303,927	\$ -	\$ 5,303,927
Property taxes receivable	14,870	-	14,870
Grant receivable	-	-	-
Unamortized bond costs	-	30,570	30,570
Capital assets, net of accumulated depreciation	-	5,359,847	5,359,847
<b>TOTAL ASSETS</b>	<u>5,318,797</u>	<u>5,390,417</u>	<u>10,709,214</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	-	434,876	434,876
Deferred outflows related to other post-retirement benefits	-	375,443	375,443
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>810,319</u>	<u>810,319</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 5,318,797</u>	<u>\$ 6,200,736</u>	<u>\$ 11,519,533</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 28,060	\$ -	\$ 28,060
Accrued compensated liabilities	-	76,525	76,525
Net pension liability	-	2,544,035	2,544,035
Net OPEB liability	-	800,689	800,689
Bond Premium	-	139,542	139,542
Bonds payable	-	1,710,000	1,710,000
<b>TOTAL LIABILITIES</b>	<u>28,060</u>	<u>5,270,791</u>	<u>5,298,851</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow of resources related to pension	-	61,748	61,748
Deferred inflow of resources related to other post-retirement benefits	-	163,118	163,118
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>224,866</u>	<u>224,866</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u>28,060</u>	<u>5,495,657</u>	<u>5,523,717</u>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances			
Non-spendable	-	-	
Unassigned	5,290,737	(5,290,737)	
<b>TOTAL FUND BALANCES</b>	<u>5,290,737</u>	<u>(5,290,737)</u>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 5,318,797</u>		
<b>Net Position</b>			
Invested in capital assets, net of related debt		3,540,875	3,540,875
Restricted		23,519	23,519
Unrestricted		2,431,422	2,431,422
<b>TOTAL NET POSITION</b>		<u>5,995,816</u>	<u>5,995,816</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		<u>\$ 6,200,736</u>	<u>\$ 11,519,533</u>

The accompanying notes are an integral part of this statement

**OLDHAM COUNTY PUBLIC LIBRARY  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**For The Year Ended June 30, 2021**

<b>Fund balances - total governmental funds</b>	<b>\$ 5,290,737</b>
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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 funds.	5,359,847
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Unamortized general long-term debt issue costs are not financial resources and, therefore, are not reported in the funds.	30,570
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(76,525)	
Unamortized bond premium	(139,542)	
Bonds payable	(1,710,000)	
Net pension liability	(2,544,035)	
Net OPEB liability	<u>(800,689)</u>	
		(5,270,791)

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

Deferred outflows of resources	434,876	
Deferred inflows of resources	<u>(61,748)</u>	
		373,128

Deferred outflows and inflows of resources related to post employment benefits (OPEB) applicable to future periods and, therefore, are not reportable in funds.

Deferred outflows of resources	375,443	
Deferred inflows of resources	<u>(163,118)</u>	
		212,325

<b>Total Net Position</b>	<b><u>\$ 5,995,816</u></b>
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The accompanying notes are an integral part of this statement

## OLDHAM COUNTY PUBLIC LIBRARY

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2021

	General Fund	Adjustments (Note A)	Statement of Activities
<b>REVENUES</b>			
Property taxes	\$ 2,946,340	\$ -	\$ 2,946,340
Governmental grants	127,735	-	127,735
Gifts and contributions	10,331	-	10,331
Book rentals and fines	2,204	-	2,204
Copier and fax income	9,079	-	9,079
Investment income	1,320	-	1,320
Miscellaneous income	14,737	-	14,737
<b>TOTAL REVENUES</b>	<b>\$ 3,111,746</b>	<b>\$ -</b>	<b>\$ 3,111,746</b>
<b>EXPENDITURES/EXPENSES</b>			
Personnel	\$ 1,537,302	\$ 276,890	\$ 1,814,192
Library materials	223,995	(209,095)	14,900
Operating expenses	573,438	-	573,438
Capital outlay	55,163	(55,163)	-
Depreciation		339,266	339,266
Debt service	330,425	(330,425)	-
Debt service - bond interest	-	55,425	55,425
Debt service - amortization of bond costs		(23,257)	(23,257)
Debt service - other bond costs	-	5,095	5,095
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,720,323</b>	<b>\$ 58,736</b>	<b>\$ 2,779,059</b>
<b>CHANGE IN FUND BALANCES/ NET POSITION</b>	<b>391,423</b>	<b>(58,736)</b>	<b>332,687</b>
<b>FUND BALANCE/NET POSITION, BEGINNING</b>	<b>4,899,314</b>	<b>763,815</b>	<b>5,663,129</b>
<b>FUND BALANCE/NET POSITION, ENDING</b>	<b>\$ 5,290,737</b>	<b>\$ 705,079</b>	<b>\$ 5,995,816</b>

The accompanying notes are an integral part of this statement

**OLDHAM COUNTY PUBLIC LIBRARY**

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

**For The Year Ended June 30, 2021**

<b>Net change in fund balances - Governmental Funds Statement</b>		<b>\$ 391,423</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$339,266) exceeded capital outlay (\$264,258) in the current period.		(75,008)
Repayments of bond principal are expenditures and other financing sources in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		275,000
Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Bond cost amortization		18,162
Compensated absences		(4,712)
Governmental funds report Library pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions, is reported as pension expense:		
District pension contributions	160,578	
Costs of benefits earned	<u>(391,161)</u>	(230,583)
Governmental funds report Library OPEB contributions as expenditures. However, in the statements of activities, the cost of other post employment benefits (OPEB) is reported as insurance expense:		
District pension contributions	39,604	
Costs of benefits earned	<u>(81,199)</u>	(41,595)
<b>Change in net position - Statement of Net Position</b>		<b><u>\$ 332,687</u></b>

The accompanying notes are an integral part of this statement

**OLDHAM COUNTY PUBLIC LIBRARY  
SCHEDULE OF EXPENDITURES**

**For The Year Ended June 30, 2021**

**Personnel**

Librarian and library staff	\$ 1,136,354
Payroll taxes	85,978
Pension expenditures	200,181
Insurance	114,789

<b>Total Personnel</b>	<u>1,537,302</u>
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**Library Materials**

Books	108,456
Periodicals	10,612
Audio/visual aids/software	90,027
Library supplies	14,900

<b>Total Library Materials</b>	<u>223,995</u>
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**Operating Expenditures**

Utilities	61,569
Rent	40,380
Maintenance	165,452
Insurance	37,267
Office supplies	8,900
Advertising/printing	20,642
Travel expenditures	-
Professional fees	71,592
Program expense/public relations	66,646
Staff training	3,005
Dues	4,470
Postage	3,915
Equipment/furniture/building	13,715
Data services	74,176
Miscellaneous expenditures	1,709

<b>Total Operating Expenditures</b>	<u>573,438</u>
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**Capital outlay/Debt Service**

Debt service	330,425
Other	55,163

<b>Total Capital Outlay/Debt Service</b>	<u>385,588</u>
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<b>Total Expenditures</b>	<u><u>\$ 2,720,323</u></u>
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The accompanying notes are an integral part of this statement

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Oldham County Public Library (the "Library") was established under provisions of Kentucky Revised Statutes as a special taxing district. The Library was established for the purpose of providing library services to the people of Oldham County, Kentucky. The Library is governed by a five-member Board of Trustees who governs with fixed terms as specified by law.

The basic financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Library's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis*, which mandates the new reporting model implemented by the Library. The more significant of the Library's accounting policies are described below.

- (1) **Reporting Entity** – The Library is the basic level of government that has oversight responsibility and control over all activities related to the public library in Oldham County, Kentucky. The Library receives funding from local and state government sources and must comply with the requirements of these funding source entities. However, the Library is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Library board members have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.
- (2) **Government-Wide and Fund Financial Statements** – The financial statement presentation for the Library includes separate columns reporting a statement of net position and a statement of activities. These statements present a government-wide presentation of all activities of the Library.
- (3) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Both long-term and current assets and liabilities are included in the statement of net assets.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Only current assets and current liabilities generally are included on the balance sheet.

Property tax revenues and revenues from the Commonwealth of Kentucky are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (4) **Fund Accounting** – The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library uses governmental funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Library reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the Library except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the laws of the Kentucky and the bylaws of the Library.

*Fund Balances*

GASB Statement 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Library'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 Library imposed 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.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (5) **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. 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 of Trustees. All appropriations lapse at year end.
- (6) **Cash and Cash Equivalents** – For the purpose of these financial statements, cash equivalents include time deposits, certificate of deposit, and all highly liquid debt instruments with original maturities of three months or less.
- (7) **Net Position** – Net position presents the difference between assets and liabilities in the statement of net assets. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted if and when there are legal limitations imposed on their use by Library legislation or external restrictions by creditors, grantors, laws or regulations of other governments.
- (8) **Capital Assets** – Land, buildings, collection, and other capital assets with useful lives of more than one year resulting from expenditures in the governmental funds are recorded at cost (or estimated historical cost) net of accumulated depreciation in the government-wide statement of net assets but are reported as expenditures in governmental fund financial statements. The Library maintains a capitalization threshold of \$5,000. 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 does not possess any infrastructure. The Library depreciates capital assets using the straight-line method of depreciation over the estimated useful life of the asset.
- (9) **Allowance for Uncollectible Accounts** – At June 30, 2021, management deems all accounts receivable collectible. Therefore, no allowance for uncollectible accounts is included in the financial statements.
- (10) **Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.
- (11) **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 position. Deferred outflows of resources reported in this year's financial statements relate to the Library's pension plan and OPEB plan and include (1) contributions made to the Library's pension plan and OPEB plan between the measurement date of the net pension liability and the end of the Library's fiscal year, (2) differences between the expected and actual experience, (3) changes in assumptions, (4) changes in the proportionate share of the Library's contributions to the pension fund and OPEB fund, and (5) difference between projected and actual earnings on plan investments. The deferred amount related to the differences between expected and actual



OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

experience, changes in the proportionate share of the Library'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 services 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 year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

- (12) **Deferred Inflows of Resources** – The Library's statement of net position reports 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 related to the Library's pension plan and OPEB plan and include (1) changes in the proportionate share of the Library's contributions to the pension fund and OPEB fund (2) difference between projected and actual earning on plan investments and (3) differences between expected and actual experience. The deferred amount related to the changes in the proportionate share of the Library's contributions to the pension fund and OPEB fund and the amount related to the differences between expected and actual experience 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 affect the governmental funds financial statements in the current year.
- (13) **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.
- (14) **Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
- (15) **Use of Restricted Resources** – When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Library's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Library'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 unassigned fund balances.
- (16) **Other Postemployment Benefits (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 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.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**B. CASH AND INVESTMENTS**

At June 30, 2021, the carrying amount of the Library's deposits (cash and cash equivalents) was \$5,303,927. Of the bank balance, \$289,942 is covered by federal depository insurance (FDIC) and the remaining \$5,013,985 is secured by pledged securities held by the pledging financial institution's agent in the Library's name as collateral for bank balances in excess of the FDIC insured amount. Cash deposited in bank accounts that is restricted for specific expenditures as specified by grant or other funding agreements is reported as restricted cash. The Library's deposits consisted of demand deposits and certificates of deposit.

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.

**C. CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	Ending <u>Balance</u>
Land	\$ 304,460	\$ -	\$ -	\$ 304,460
Buildings	6,330,472	-	-	6,330,472
Vehicles	24,458	-	-	24,458
Library collection	1,031,761	209,095	109,080	1,131,776
Furniture	699,075	-	-	699,075
Software	-	25,000	-	25,000
Equipment	<u>165,755</u>	<u>30,163</u>	<u>-</u>	<u>195,918</u>
Total Cost	8,555,981	264,258	( 109,080)	8,711,159
Less:				
Accumulated Depreciation	<u>( 3,121,126)</u>	<u>( 339,266)</u>	<u>109,080</u>	<u>( 3,351,312)</u>
Net Book Value	<u>\$ 5,434,855</u>	<u>\$ ( 75,008)</u>	<u>\$ -</u>	<u>\$ 5,359,847</u>

**D. LIABILITY FOR COMPENSATED ABSENCES**

Employees are allowed to accrue sick days. However, sick leave does not vest under the Library's policies and accordingly, employees can only utilize sick leave when sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**D. LIABILITY FOR COMPENSATED ABSENCES (CONTINUED)**

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

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

The amount accrued in the government-wide financial statements is \$78,525 at June 30, 2021.

**E. PROPERTY TAXES**

The Library's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, personal and motor vehicle property located in Oldham County. Property taxes are collected by the Oldham County Sheriff, the Oldham County Clerk, and the Commonwealth of Kentucky and remitted to the Library. Taxes are due on November 1 and become delinquent by January 1 following the October 1 levy date.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

**F. EMPLOYEES' RETIREMENT PLAN**

***General Information about the Pension Plan***

*Plan description.* Employees of the Library 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 Library were \$200,182 for the year ended June 30, 2021, of which \$160,578 was for the pension fund and \$39,604 was for the insurance fund.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

**F. EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

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

At June 30, 2021, the Library reported a liability of \$2,544,035 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 Library's proportionate share of the net pension liability was determined using the Library's actual contributions for the fiscal year ending June 30, 2020. This method was expected to be reflective of the Library's long-term contribution effort. At June 30, 2020, the Library's proportion was 0.033169%, which was an decrease of 0.000430% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Library recognized pension expense of \$391,161. At June 30, 2021, the Library 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>
\$ 63,440	\$ -
99,340	-
110,275	46,614
1,243	15,134
	\$ -
160,578	
<u>\$ 434,876</u>	<u>\$ 61,748</u>

The \$160,975 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, 2021. 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	\$ 96,501
2023	60,606
2024	29,875
2025	25,569
2026	-
	<u>\$ 212,551</u>

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**F. EMPLOYEES' RETIREMENT 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:

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Library's proportionate share of the net pension liability	\$ 3,137,349	\$ 2,544,035	\$ 2,052,749

*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 Library 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, \$0 was payable to the pension plan, of which \$0 was for the pension fund and \$0 was for the insurance fund.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**G. POSTEMPLOYMENT BENEFITS**

***General Information about the Postemployment Benefits Plan (OPEB)***

*Plan description.* Employees of the Library 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>.

*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 8 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 8 for contributions to the plan from the Library 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 Library reported a liability of \$800,689 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 Library's proportionate share of the net OPEB liability was determined using the Library's actual contributions for the fiscal year ending June 30, 2020. This method is expected to be reflective of the Library's long-term contribution effort. At June 30, 2020, the Library's proportion was 0.033159%, which was a decrease of 0.000432% from its proportion measured as of June 30, 2019.



**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**G. POSTEMPLOYMENT BENEFITS (CONTINUED)**

For the year ended June 30, 2021, the Library recognized OPEB expense of \$100,850. At June 30, 2021, the Library 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	\$ 133,778	\$ 133,883
Changes of assumptions	139,273	847
Net difference between projected and actual earnings on plan investments	42,951	16,338
Changes in proportion and differences between District contributions and proportionate share of contributions	186	12,050
District contributions subsequent to the measurement date	59,255	-
	<u>\$ 375,443</u>	<u>\$ 163,118</u>

The \$59,255 reported as deferred outflows of resources related to OPEB resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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	\$	40,834
2023		48,710
2024		33,627
2025		32,044
2026		(2,145)
2027		-
	<u>\$</u>	<u>153,070</u>

*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

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**G. POSTEMPLOYMENT BENEFITS (CONTINUED)**

Investment rate of return	6.25%
Healthcare trend rates	<p>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</p> <p>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</p>

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 8 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 8.

*Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Library's proportionate share of the net OPEB liability, calculated using the discount rate of 5.34%, as well as what the Library'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:

OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

G. POSTEMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease ▾ (4.34%)	Current Discount Rate ▾ (5.34%)	1% Increase ▾ (6.34%)
District's proportionate share of the net OPEB liability	\$ 1,028,650	\$ 800,689	\$ 613,457

*Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the healthcare trend rate.* The following presents the Library's proportionate share of the net OPEB liability, calculated using the healthcare trend rate of noted above, as well as what the Library'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	\$ 619,933	\$ 800,689	\$ 1,020,040

*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 Library makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10<sup>th</sup> of the following month. See Note 8 Employee's Pension Plan for payable as of June 30, 2021.

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**H. BONDS PAYABLE**

The Library has the following long-term obligations outstanding as of June 30, 2021:

\$3,020,000 Oldham County Public Library General Obligation Refunding Bonds, Series 2016, dated August 18, 2016, due in annual installments of \$250,000 to \$320,000 through 2026, interest at 3.00%, and secured by property taxes	\$1,710,000
Less unamortized bond premium	<u>139,542</u>
Net carrying amount	<u>\$1,849,542</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 285,000	\$ 25,650
2023	290,000	21,375
2024	300,000	17,025
2025	310,000	12,525
2026	320,000	7,875
2027	<u>205,000</u>	<u>3,075</u>
Bond payable	1,710,000	87,525
Less unamortized bond premium	<u>139,542</u>	<u>-</u>
Total obligations	<u>\$ 1,849,542</u>	<u>\$ 87,525</u>

**I. OTHER LONG-TERM OBLIGATIONS**

The Library has the following long-term obligations outstanding as of June 30, 2021:

Accrued compensated absences	\$ <u>78,525</u>
Total long-term obligations	<u>\$ 78,525</u>

**OLDHAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**J. LONG-TERM OBLIGATIONS**

The following is a summary of changes in the long-term obligations for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Accrued compensated absences	\$ 71,813	\$ 6,712	\$ -	\$ 78,525
Bonds payable – 2016 Issue	1,985,000	-	275,000	1,710,000
Net pension liability	2,363,033	181,002	-	2,544,035
Net OPEB liability	<u>564,985</u>	<u>235,704</u>	<u>-</u>	<u>800,689</u>
Total Long-term obligations	<u>\$ 4,984,831</u>	<u>\$ 423,418</u>	<u>\$ 275,000</u>	<u>\$ 5,133,249</u>

**K. RISK MANAGEMENT**

The Library is exposed to various forms of losses associated with the risks of fire; personal liability; vehicular accidents; errors and omissions; torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Each of these risk areas is covered through the purchase of commercial insurance. The Library has purchased certain policies that are retrospectively rated which include worker's compensation insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**L. SUBSEQUENT EVENTS**

The Library has evaluated subsequent events through December 16, 2021, which is the date the financial statements were available to be issued.

**M. COVID-19 CONTINGENCIES**

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, triggering volatility in the financial markets and a significant negative impact on the global economy. As of December 16, 2021, economic uncertainties exist which may have a negative effect on the library's future financial position and results of operations. The total impact of the COVID-19 outbreak is unknown at the date the financial statements were issued. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**REQUIRED SUPPLEMENTAL INFORMATION**

**OLDHAM COUNTY PUBLIC LIBRARY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND (NON-GAAP CASH BASIS)**

**For The Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 2,943,475	\$ 2,943,475	\$ 2,946,862	\$ 3,387
Governmental grants	15,600	15,600	127,735	112,135
Gifts and contributions	-	-	-	-
Book rentals and fines	25,000	25,000	2,304	(22,696)
Copier and fax income	16,300	16,300	9,079	(7,221)
Investment income	2,000	2,000	1,320	(680)
Miscellaneous income	8,000	8,000	26,946	18,946
<b>TOTAL REVENUES</b>	<u>3,010,375</u>	<u>3,010,375</u>	<u>3,114,246</u>	<u>103,871</u>
<b>EXPENDITURES</b>				
Personnel	1,674,685	1,674,685	1,533,294	141,391
Library materials	146,500	146,500	229,118	(82,618)
Operating expenses	411,500	411,500	565,506	(154,006)
Capital outlay	-	-	55,163	(55,163)
Debt service	331,000	331,000	330,425	575
<b>TOTAL EXPENDITURES</b>	<u>2,563,685</u>	<u>2,563,685</u>	<u>2,713,506</u>	<u>(149,821)</u>
<b>CHANGE IN FUND BALANCES</b>	<u>446,690</u>	<u>446,690</u>	<u>400,740</u>	<u>(45,950)</u>

**BUDGET TO GAAP RECONCILIATION:**

A reconciliation of the cash basis actual amounts to the GAAP basis actual amounts in the fund statements follows:

	<u>General Fund</u>
Sources/revenues	
Actual amounts (budgetary basis)	\$ 3,114,246
Differences - budget to GAAP:	
The Library budgets for property taxes and other revenues only to the extent expected to be received, rather than on the modified accrual basis.	(2,500)
Total revenues as reported on the governmental fund statement of revenues, expenditures, and changes in fund balances.	<u>\$ 3,111,746</u>
Uses/expenditures:	
Actual amounts (budgetary basis)	\$ 2,713,506
Differences - budget to GAAP:	
The Library budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis.	6,817
Total expenditures as reported on the governmental fund statement of revenues, expenditures, and changes in fund balance.	<u>\$ 2,720,323</u>

The accompanying notes are an integral part of this statement

**OLDHAM COUNTY PUBLIC LIBRARY**

**SCHEDULE OF THE LIBRARY'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
Library's proportion of the net pension liability (asset)	0.033169%	0.033599%	0.033740%	0.033553%	0.032751%	0.031538%	0.031537%			
Library's proportionate share of the net pension liability (asset)	\$ 2,544,035	\$ 2,363,033	\$ 2,054,869	\$ 1,963,960	\$ 1,612,542	\$ 1,355,974	\$ 1,023,188			
Library's covered-employee payroll	\$ 849,610	\$ 847,146	\$ 835,575	\$ 816,925	\$ 781,281	\$ 733,335	\$ 723,519			
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	299.44%	278.94%	245.92%	240.41%	206.40%	184.91%	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.



OLDHAM COUNTY PUBLIC LIBRARY

SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 160,578	\$ 163,975	\$ 137,407	\$ 120,991	\$ 113,961	\$ 97,035	\$ 94,295	\$ 98,650		
Contributions in relation to the contractually required contribution	\$ (160,578)	\$ (163,975)	\$ (137,407)	\$ (120,991)	\$ (113,961)	\$ (97,035)	\$ (94,295)	\$ (98,650)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Library's covered-employee payroll	\$ 832,010	\$ 849,610	\$ 847,146	\$ 835,575	\$ 816,925	\$ 781,281	\$ 733,335	\$ 723,519		
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.40%	12.86%	13.63%		

## OLDHAM COUNTY PUBLIC LIBRARY

### 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.

OLDHAM COUNTY PUBLIC LIBRARY

SCHEDULE OF THE LIBRARY'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
Library's proportion of the net OPEB liability (asset)	0.033159%	0.033591%	0.033738%	0.033553%						
Library's proportionate share of the net OPEB liability (asset)	\$ 800,689	\$ 564,985	\$ 599,011	\$ 674,530						
Library's covered-employee payroll	\$ 849,610	\$ 847,146	\$ 835,575	\$ 816,925						
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	94.24%	66.69%	71.69%	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.

OLDHAM COUNTY PUBLIC LIBRARY

SCHEDULE OF LIBRARY OPEB FUND CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 39,604	\$ 40,441	\$ 44,560	\$ 39,272	\$ 222,537					
Contributions in relation to the contractually required contribution	\$ (39,604)	\$ (40,441)	\$ (44,560)	\$ (39,272)	\$ (222,537)					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
Library's covered-employee payroll	\$ 832,010	\$ 849,610	\$ 847,146	\$ 835,575	\$ 816,925					
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%	27.22%					

**OLDHAM COUNTY PUBLIC LIBRARY**  
**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.
- 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.

**GOVERNMENTAL AUDITING STANDARDS**

**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***

**ADKISSON & COMPANY, PSC**

Certified Public Accountants

12730 Townepark Way, Suite 103

Louisville, Kentucky 40243

INDEPENDENT AUDITOR'S 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 Directors  
Oldham County Public Library  
LaGrange, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 Oldham County Public Library as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Oldham County Public Library, Kentucky's basic financial statements and have issued our report thereon dated December 16, 2021 .

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Oldham County Public 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 Oldham County Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oldham County Public 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.



To the Board of Directors  
Oldham County Public Library  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Oldham County Public 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**

This 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.

*Adkisson & Company, PSC*

Certified Public Accountants

December 16, 2021