

OLDHAM COUNTY PUBLIC LIBRARY

FINANCIAL STATEMENTS

Year Ended June 30, 2022

WITH

Independent Auditors' Report

OLDHAM COUNTY PUBLIC LIBRARY

FINANCIAL STATEMENTS

Year Ended June 30, 2022

WITH

Independent Auditors' Report

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BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

859-341-6700 www.bramelackley.com
1-877-585-6454 1885 Dixie Highway,
Fax 859-578-3542 Suite 310
info@bramelackley.com Ft. Wright, Kentucky 41011

**To the Board of Trustees
Oldham County Public Library
LaGrange, Kentucky**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Oldham County Public Library as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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 Oldham County Public Library as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oldham County Public Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oldham County Public Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oldham County Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oldham County Public Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 February 15, 2023, on our consideration of 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 solely 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 Oldham County Public Library'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 Oldham County Public Library's internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

February 15, 2023

OLDHAM COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

As management of the Oldham County Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished which is found throughout this report. Certain 2021 amounts may have been reclassified in order to conform with the 2022 financial statement presentation.

FINANCIAL HIGHLIGHTS

- The assets of the Oldham County Public Library exceeded its liabilities at the close of the most recent fiscal year by \$8,205,113.
- The Library's total net position increased by \$2,209,297.
- At the close of the fiscal year, the Library's governmental funds reported balances of \$5,638,071, an increase of \$347,334 from the previous year.
- Total governmental fund revenues during the fiscal year increased by \$397,898, total governmental fund expenditures during the fiscal year increased by \$555,100.
- Of the ending fund balance, \$14,125 is nonspendable for prepaid expenses, \$23,529 is restricted, and \$5,600,417 is unassigned and available for spending.
- The Library's total long-term debt as of the end of the fiscal year was \$4,421,077, which decreased by \$849,714 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis serves as an introduction to the Library's basic financial statements. The Library'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 required supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to report information about the overall finances of the Library in a manner similar to a private sector business. They are designed to show a longer-term view of the Library's finances. The Statement of Net Position presents information on all of the Library's assets less liabilities resulting in net position. Over time, increases or decreases in net position help determine whether the Library's financial position is improving or deteriorating. The Statement of Activities presents information which shows how the Library's net position has changed as a result of the year's activities. The statement uses the accrual basis of accounting in an effort to report activities in a manner similar to that used by private-sector businesses. All revenues and expenses are reported regardless of the timing of when cash is received or paid – thus some items will only result in cash flows in the future.

The government wide financial statements can be found on pages 10 and 11 of this report.

OLDHAM COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate fiscal accountability. The Library uses one fund – general operating fund – to provide more detailed information about the Library's most significant funds rather than the Library as a whole.

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

The fund financial statements can be found on pages 12 through 15 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 30 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's budget. This information can be found on pages 31 through 33 of this report.

BASIS OF ACCOUNTING

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

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position increased between this fiscal year and the previous year by \$2,209,297. Approximately 52.8% of the Library's assets are invested in capital assets. The vast majority (63%) of revenue supporting all governmental activities is general revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$1,868,315 or 37% of total revenue.

The tables presented on page 6 provide a summary of the Library's net position and changes in net position for fiscal year 2022 compared to fiscal year 2021.

OLDHAM COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

**Table 1
Net Position**

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 5,722,688	\$ 5,349,367
Capital assets	<u>7,048,926</u>	<u>5,359,847</u>
Total Assets	<u>12,771,614</u>	<u>10,709,214</u>
Deferred Outflows of Resources	<u>571,886</u>	<u>810,319</u>
Total Assets and Deferred Outflows	<u>13,343,500</u>	<u>11,519,533</u>
Long-term liabilities	4,421,077	5,270,791
Other liabilities	<u>84,617</u>	<u>28,060</u>
Total Liabilities	<u>4,505,694</u>	<u>5,298,851</u>
Deferred Inflows of Resources	<u>632,693</u>	<u>224,866</u>
Total Liabilities and Deferred Inflows	<u>5,138,388</u>	<u>5,523,717</u>
Invested in capital assets, net of debt	5,409,034	3,540,875
Restricted	23,529	23,519
Unrestricted	<u>2,772,550</u>	<u>2,431,422</u>
Total Net Position	<u>\$ 8,205,113</u>	<u>\$ 5,995,816</u>

**Table 2
Change in Net Position**

	<u>2022</u>	<u>2021</u>
Program Revenues		
Charges for services	\$ 17,236	\$ 11,283
Operating grants and contributions	300,670	10,331
Capital grants and contributions	1,550,409	127,735
General Revenues		
Taxes – real estate, property and motor vehicle	3,160,496	2,946,340
Investment earnings	2,583	1,320
Miscellaneous	<u>18,250</u>	<u>14,737</u>
Total Revenues	<u>5,049,644</u>	<u>3,111,746</u>
Program Expenses		
Personnel	1,767,735	1,814,192
Operating expenses	587,168	573,438
Depreciation	381,397	339,266
Interest expense	54,990	37,263
Capital outlay	33,335	-
Library materials	15,533	14,900
Loss on disposals	<u>(189)</u>	<u>-</u>
Total Expenses	<u>2,840,347</u>	<u>2,779,059</u>
Increase (decrease) in Net Position	<u>\$ 2,209,297</u>	<u>\$ 332,687</u>

OLDHAM COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

THE CURRENT STATE OF THE LIBRARY

The Library received its 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. The Library received a construction grant in the amount of \$160,290 from KDLA to support the construction of the Goshen branch.

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 the 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 Directors 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, 2022, the Board of Trustees has earmarked \$3,303,925 for the Capital Facility Reserve Fund.

The Library spent \$3,275,423 during fiscal year 2022. \$1,316,688 (40.20%) was spent on payroll and benefits. Retirement expense was \$236,191, 7.21% of expenditures. \$226,217, 6.91% of expenditures went toward the purchase of books and materials, including database subscriptions.

OLDHAM COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Trustees has determined that the best method of maintaining fiscal integrity is not to revise its budget to reflect financial realities during the year. Accordingly, the Library's original budget for this fiscal year was not changed.

Revenues: As shown on the statement on page 14, general fund revenues of the Library were \$3,509,644. Actual general fund revenues exceeded budgeted revenue by \$335,982 or 10.63%, (see page 31), as a result of higher than expected real estate and property taxes, motor vehicle taxes, and grants. The actual general fund revenues increased in comparison to the previous fiscal year by \$397,898 or 12.79%.

Expenditures: Total general fund expenditures of the Library were \$3,275,423, as shown on page 14. Actual general fund expenditures were more than anticipated expenditures by \$248,957 or 8.35%, (see page 31). Areas where actual expenditures exceeded budgeted expenditures by more than 5% and \$5,000 included lease expense, maintenance, professional fees, and capital outlay, as shown on page 31. Total general fund expenditures increased in comparison to the previous fiscal year by \$555,100 or 20.41%.

CAPITAL ASSETS

The Library's investment in capital assets equaled \$7,048,926 as of June 30, 2022. During the year, capital assets valued at \$2,070,664 were added. The depreciation expense during the period was \$381,397.

Major additions to capital assets during the fiscal year included:

- Land valued at \$1,556,511.
- Library collection materials valued at \$210,684.
- Construction in progress valued at \$170,180.
- Intangible Right of Use Lease – Building valued at \$71,462.
- Intangible Right of Use Lease – Copiers valued at \$41,651.
- Equipment valued at \$20,176.

LONG-TERM DEBT

At the end of the fiscal year, the Library had total long-term debt of \$4,421,077, which consisted of \$80,941 accrued compensated liabilities, \$1,425,000 bonds payable, \$116,286 bond premium, \$98,606 lease liabilities and net pension and OPEB liabilities as described below.

As of June 30, 2015, the Library is required, by Governmental Accounting Standards Board Statement No. 68, to display its proportionate share of the unfunded liability of the Kentucky Public Pensions Authority's (KPPA) County Employee Retirement System (CERS), a cost sharing multiple employer plan, in which the Library is a participant. The net pension liability of \$2,076,784, the deferred outflows of resources of \$237,256, and the deferred inflows of resources of \$328,295 on the Statement of Net Position at June 30, 2022 are a function of this required reporting. Detailed information on this pension recognition can be found in Note 9 in the Notes to Basic Financial Statements.

OLDHAM COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

LONG-TERM DEBT (CONTINUED)

As of June 30, 2018, the Library is required, by Governmental Accounting Standards Board Statement No. 75, to display its proportionate share of the unfunded liability of the KPPA's Insurance Fund (OPEB), a cost sharing multiple employer health insurance plan, in which the Library is a participant. The net OPEB liability of \$623,460, the deferred outflows of resources of \$334,630, and the deferred inflows of resources of \$304,398 on the Statement of Net Position at June 30, 2022 are a function of this required reporting. Detailed information on this health insurance recognition can be found in Note 10 in the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year beginning July 1, 2022, general operating revenues are expected to be \$3,230,540. Amounts budgeted for real estate, personal property, and motor vehicle taxes (95% of the total general operating revenue) are 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 4.1 cents per \$100 assessed valuation of real property, 8.72 cents per \$100 assessed valuation of personal property, and 2.0 cents per \$100 assessed valuation of motor vehicles. The real property rate increased from 4.0 cents per \$100 assessed value of real property in fiscal year 2022 to 4.1 cents per \$100 assessed valuation of real property in fiscal year 2023. The personal property rate decreased from 9.0 cents per \$100 assessed value to 8.72 cents per \$100 of assessed value. Motor vehicle taxes are unchanged from fiscal year 2022.

The remaining 5% of the general operating revenue is composed of five miscellaneous sources. Of these categories, fines and fees for library materials represents \$25,400, or less than 1% of the general operating revenue, interest on deposits represents \$500, or less than 1% of the general operating revenue, miscellaneous income represents \$8,000, or 2.5%, and grants represent \$120,000, or 3.7%.

REQUESTS FOR INFORMATION

The Library'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 of need additional financial information please contact the Director, Julie Wilson, at the Oldham County Public Library, 308 Yager Avenue, LaGrange, KY 40031. Phone: (502) 222-9713 ex. 304; Fax: (502) 222-1141; Email: juliew@oldhampl.org.

OLDHAM COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,680,807
Property taxes receivable	27,756
Prepaid expenses	14,125
Capital assets, net of accumulated depreciation	7,048,926
Total assets	<u>12,771,614</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	237,256
Deferred outflows related to OPEB	334,630
Total deferred outflows of resources	<u>571,886</u>
Total assets and deferred outflow of resources	<u><u>\$ 13,343,500</u></u>
LIABILITIES	
Accounts payable	\$ 39,408
Accrued payroll	45,209
LONG-TERM LIABILITIES	
Accrued compensated liabilities	80,941
Bonds payable due within one year	290,000
Bonds payable due in more than one year	1,135,000
Bond premium	116,286
Lease liabilities due within one year	48,678
Lease liabilities due in more than one year	49,928
Net pension liability	2,076,784
Net OPEB liability	623,460
Total liabilities	<u>4,505,694</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	328,295
Deferred inflows related to OPEB	304,398
Total deferred inflows of resources	<u>632,693</u>
Total liabilities and deferred inflow of resources	<u><u>5,138,387</u></u>
NET POSITION	
Net investment in capital assets, net of related debt	5,409,034
Restricted	23,529
Unrestricted	2,772,550
Total net position	<u><u>\$ 8,205,113</u></u>

The accompanying notes are an integral part of this statement.

OLDHAM COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Personnel	\$ 1,767,735	\$ -	\$ -	\$ -	\$ (1,767,735)
Operating expenses	587,168	-	-	-	(587,168)
Depreciation	381,397	-	-	-	(381,397)
Interest expense	54,990	-	-	-	(54,990)
Capital outlay	33,335	-	-	-	(33,335)
Library materials	15,533	-	-	-	(15,533)
Loss on disposals	189	-	-	-	(189)
Revenue	-	17,236	300,670	1,550,409	1,868,315
Total governmental activities	2,840,347	17,236	300,670	1,550,409	(972,032)
GENERAL REVENUES:					
Real estate and property taxes					3,160,496
Miscellaneous					18,250
Investment earnings					2,583
Total general revenues					3,181,329
Change in net position					2,209,297
NET POSITION, BEGINNING					5,995,816
NET POSITION, ENDING					\$ 8,205,113

The accompanying notes are an integral part of this statement.

**OLDHAM COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	<u>General</u>	<u>Total Governmental Funds</u>
- ASSETS -		
Cash and cash equivalents	\$ 5,680,807	\$ 5,680,807
Accounts receivable	27,756	27,756
Prepaid expenses	<u>14,125</u>	<u>14,125</u>
Total assets	<u><u>\$ 5,722,688</u></u>	<u><u>\$ 5,722,688</u></u>
- LIABILITIES AND FUND BALANCES -		
LIABILITIES:		
Accounts payable	\$ 39,408	\$ 39,408
Accrued payroll	<u>45,209</u>	<u>45,209</u>
Total liabilities	<u>84,617</u>	<u>84,617</u>
FUND BALANCES:		
Nonspendable	14,125	14,125
Restricted	23,529	23,529
Unassigned	<u>5,600,417</u>	<u>5,600,417</u>
Total fund balances	<u>5,638,071</u>	<u>5,638,071</u>
Total liabilities and fund balances	<u><u>\$ 5,722,688</u></u>	<u><u>\$ 5,722,688</u></u>

The accompanying notes are an integral part of this statement.

OLDHAM COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total Governmental Fund Balances	\$	5,638,071
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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 as assets in the governmental funds.

Cost of capital assets	\$ 10,705,732	
Accumulated depreciation	(3,656,806)	
		7,048,926

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

Bonds payable due within one year	290,000	
Bonds payable due in more than one year	1,135,000	
Bond premium	116,286	
Leases due within one year	48,678	
Leases due in more than one year	49,928	
Net pension liability	2,076,784	
Net OPEB liability	623,460	
		(4,340,136)

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

Deferred outflow of resources	571,886	
Deferred inflow of resources	(632,693)	
		(60,807)

Accrued compensation not due in the current year is recorded as long-term debt.

		(80,941)
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Net Position of Governmental Activities

	\$	8,205,113
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The accompanying notes are an integral part of this statement.

**OLDHAM COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	General	Total Governmental Funds
REVENUES:		
Real estate and property taxes	\$ 3,160,496	\$ 3,160,496
Copier and fax income	13,758	13,758
Fines and fees	3,478	3,478
Donations	10,409	10,409
Grant income	300,670	300,670
Investment earnings	2,583	2,583
Miscellaneous income	18,250	18,250
Total revenues	<u>3,509,644</u>	<u>3,509,644</u>
EXPENDITURES:		
Salaries and benefits	1,316,688	1,316,688
Debt service	332,677	332,677
Retirement	236,191	236,191
Library materials	226,217	226,217
Maintenance	159,241	159,241
Lease expense	158,195	158,195
Data services	134,403	134,403
Health/life insurance	110,377	110,377
Payroll taxes	98,283	98,283
Utilities	73,765	73,765
Program expense	72,747	72,747
Insurance	38,482	38,482
Professional fees	36,204	36,204
Advertising and promotion	25,145	25,145
Travel	11,097	11,097
Equipment/furniture	7,076	7,076
Office supplies	6,630	6,630
Dues	6,269	6,269
Postage	4,764	4,764
Miscellaneous	946	946
Capital outlay	220,026	220,026
Total expenditures	<u>3,275,423</u>	<u>3,275,423</u>
Excess revenues (expenditures)	<u>234,221</u>	<u>234,221</u>
OTHER FINANCING SOURCES (USES):		
Lease financing	113,113	113,113
Net other financing sources (uses)	<u>113,113</u>	<u>113,113</u>
Net change in fund balances	347,334	347,334
FUND BALANCES, BEGINNING	<u>5,290,737</u>	<u>5,290,737</u>
FUND BALANCES, ENDING	<u><u>\$ 5,638,071</u></u>	<u><u>\$ 5,638,071</u></u>

The accompanying notes are an integral part of this statement.

**OLDHAM COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Net Change in Fund Balances -Total Governmental Funds	\$	347,334
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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 expense. This is the amount by which capital outlays (\$1,957,551) exceeded depreciation (\$381,397) and loss on disposal (\$189) in the current period.

1,575,965

Repayment of bond principal and leases are expenditures in the governmental funds, but their repayment reduces long-term liabilities in the Statement of Net Position.

Principal portion of current year bond payment	285,000	
Principal portion of building and copiers lease liabilities	<u>14,507</u>	

299,507

Some expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not report as expenditures in the governmental funds.

Bond premium amortization	(7,313)	
Compensated absences	<u>(4,416)</u>	

(11,729)

Governmental funds report employer 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. This is the amount by which employer contributions (\$185,535) exceeded cost of benefits earned (\$182,451) in the current period.

3,084

Governmental funds report employer OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employer contributions is reported as OPEB expense. This is the amount by which cost of benefits earned (\$55,520) exceeded employer contributions (\$50,656) in the current period.

(4,864)

Change in Net Position of Governmental Activities

\$ 2,209,297

The accompanying notes are an integral part of this statement.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - 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.

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.

Basis of Presentation and Basis of Accounting

Government-Wide Financial Statements – The statement of net position and the statement of activities provide information about the Library as a whole. These statements include the financial activities of the Library (the primary government). The statements distinguish between those activities of the Library that are governmental and those that are considered general capital asset activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues for the Library's activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Government-Wide financial statements measure and report all assets (both financial and capital), liabilities, revenues and expenses 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements – Fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government 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 Library considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Library reports the following 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 Kentucky and the bylaws of the Library.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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:

Nonspendable – 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, 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 BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 to the GAAP basis actual amounts in the governmental fund statements is shown at the bottom of the budgetary comparison schedule. All appropriations lapse at year end.

Cash and Cash Equivalents - For purposes of these financial statements, cash equivalents include time deposits, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less.

Net Position - Net position presents the difference between assets and liabilities in the statement of net position. 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.

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.

Allowance for Uncollectible Accounts - At June 30, 2022, management deems all accounts receivable collectible. Therefore, no allowance for uncollectible accounts is included in the financial statements.

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.

Deferred Outflows of Resources - The Library reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's financial statements relate to the Library's pension and OPEB plans and include (1) contributions made to the Library's plans between the measurement date of the net pension and OPEB liabilities and the end of the Library's fiscal year, (2) differences between the expected and actual experience, (3) changes of assumptions, and (4) changes in the proportionate share of the Library's contributions. The deferred amount related to the differences between expected and actual experience, changes of assumptions, and changes in the proportionate share of the Library's contributions will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. 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.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources - The Library'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 Library's pension plan and OPEB plan include (1) differences between expected and actual experience, (2) changes of assumptions, (3) changes in the proportionate share of the Library's contributions, and (4) difference between projected and actual earnings on the Library's pension and OPEB plan investments. The deferred amount related to the changes in the differences between expected and actual experience, changes of assumptions, and changes in the proportionate share of the Library's contributions 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 will be recognized over five years. No deferred inflows of resources affect the governmental funds financial statements in the current year.

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 Kentucky Public Pensions Authority's (KPPA) 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.

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 KPPA's Retirement System Insurance Fund and additions to/deductions from KPPA's fiduciary net position have been determined on the same basis as they are reported by KPPA. 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.

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.

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, then to other, less- restrictive classifications – committed, and then assigned fund balances before unassigned fund balances.

New Accounting Pronouncements - On July 1, 2021, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the Library's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, while a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of adopting this standard, the Library recorded a right of use leased asset and lease payable of \$113,113.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 – CONCENTRATION OF CREDIT RISK

At June 30, 2022, the carrying amount of the Library's deposits (cash and cash equivalents) was \$5,680,807. Of the bank balance, \$266,428 is covered by federal depository insurance (FDIC), and the remaining \$5,414,379 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 libraries 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 – 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.

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 \$80,941 at June 30, 2022.

NOTE 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 304,460	\$ 1,556,511	\$ -	\$ 1,860,971
Construction in progress	-	170,180	-	170,180
Buildings	6,330,472	-	-	6,330,472
Vehicles	24,458	-	-	24,458
Library Collection	1,131,776	210,684	(74,540)	1,267,920
Furniture	699,075	-	-	699,075
Software	25,000	-	-	25,000
Equipment	195,918	20,176	(1,551)	214,543
Intangible Right of Use Lease - Building	-	71,462	-	71,462
Intangible Right of Use Lease - Copiers	-	41,651	-	41,651
Total Cost	8,711,159	2,070,664	(76,091)	10,705,732
Less:				
Accumulated Depreciation	(3,351,311)	(381,397)	75,902	(3,656,806)
Net Book Value	\$ 5,359,848	\$ 1,689,267	\$ (189)	\$ 7,048,926

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 5 – LEASES

On February 18, 2022, the Library entered into a lease agreement for the library building at Creasey Mahan Nature Preserve in Goshen, KY. The lease term is two years and will expire on March 31, 2024. Monthly lease payments of \$2,895 are due the first of the month through February 1, 2023. Starting on March 1, 2023, monthly lease payments the Library will pay are \$3,185. The total lease liability at implementation was \$71,462 using a discount rate of 2%.

On February 22, 2022, the Library entered into an operating lease agreement for thirteen copiers located throughout the Library. The lease term is three years and will expire in March 2025. Lease payments are made on a monthly basis. The initial lease liability was \$41,651 using a discount rate of 2%. The monthly lease payments are \$1,193.

At June 30, 2022, the lease liability balance is as follows:

Building	\$ 60,332
Copiers	<u>38,274</u>
	<u>\$ 98,606</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 48,678	\$ 1,538	\$ 50,216
2024	39,278	518	39,796
2025	<u>10,650</u>	<u>87</u>	<u>10,737</u>
	<u>\$ 98,606</u>	<u>\$ 2,143</u>	<u>\$ 100,749</u>

See Note 4 for right of use lease asset information.

NOTE 6 – GENERAL OBLIGATION BONDS

The Library has the following long-term obligations outstanding as of June 30, 2022:

The Library issued the \$3,020,000 General Obligation Refunding Bonds, Series 2016 dated August 18, 2016, to refund part of the General Obligation Bonds, Series 2007. The bonds are due in varying annual installments through December 1, 2026. The interest rate is 3.00%. The outstanding balance of General Obligation Refunding Bonds, Series 2016 at June 30, 2022 is \$1,425,000. The bonds are scheduled to mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 290,000	\$ 38,400	\$ 328,400
2024	300,000	29,550	329,550
2025	310,000	20,400	330,400
2026	320,000	10,950	330,950
2027	<u>205,000</u>	<u>3,075</u>	<u>208,075</u>
	<u>\$1,425,000</u>	<u>\$ 102,375</u>	<u>\$ 1,527,375</u>

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 7 – LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations for the year ended June 30, 2022:

	Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balance</u>
Accrued compensated absences	\$ 78,525	\$ 2,416	\$ -	\$ 80,941
Bond premium	139,542	-	23,256	116,286
Bond payable – 2016 Issue	1,710,000	-	285,000	1,425,000
Net pension liability	2,544,035	-	467,251	2,076,784
Net OPEB liability	800,689	-	177,229	623,460
Lease liabilities	<u>-</u>	<u>113,113</u>	<u>14,507</u>	<u>98,606</u>
Total long-term obligations	\$ <u>5,272,791</u>	\$ <u>115,529</u>	\$ <u>967,243</u>	\$ <u>4,421,077</u>

NOTE 8 – 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.

NOTE 9 – EMPLOYEE'S PENSION 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 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the CERS. KPPA 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.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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 CERS Board of Trustees (the Board). 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, 2022 was 26.95%, of which 21.17% was for the pension fund and 5.78% was for the insurance fund. Contributions to the pension plan from the Library were \$236,191 for the year ended June 30, 2022, of which \$185,535 was for the pension fund and \$50,656 was for the insurance fund.

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

At June 30, 2022, the Library reported a liability of \$2,076,784 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. 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, 2021. This method was expected to be reflective of the Library’s long-term contribution effort. At June 30, 2021, the Library’s proportion was 0.032573%, which was a decrease of 0.000596% from its proportion measured as of June 30, 2020.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – EMPLOYEE’S PENSION PLAN (CONTINUED)

For the year ended June 30, 2022, the Library recognized pension expense of \$182,541. At June 30, 2022, 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>
Differences between expected and actual experience	\$ 23,848	\$ 20,157
Changes of assumptions	27,873	-
Net difference between projected and actual earnings on plan investments	-	276,801
Changes in proportion and differences between Library contributions and proportionate share of contributions	-	31,337
Library contributions subsequent to the measurement date	185,535	-
	<u>\$ 237,256</u>	<u>\$ 328,295</u>

The \$185,535 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, 2023. 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:

2023	\$ (48,387)
2024	(78,459)
2025	(63,048)
2026	<u>(86,680)</u>
	<u>\$ (276,574)</u>

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – EMPLOYEE’S PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020 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 non-disabled 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 2019. 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, 2021 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	100%	

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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	\$ 2,663,574	\$ 2,076,784	\$ 1,591,229

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued KPPA 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, 2022, there was no payable to the pension plan.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Plan description. Employees of the Library are provided with health care benefits through the Kentucky Public Pensions Authority 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 CERS Board (the Board) of the Kentucky Public Pensions Authority (KPPA) administers the health insurance benefit. KPPA 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 2021 is \$13.78 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.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS (CONTINUED)

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 9 Employee's Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2022 was 26.95%, of which 21.17% was for the pension fund and 5.78% was for the insurance fund. See Note 9 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, 2022, the Library reported a liability of \$623,460 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. 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, 2021. This method is expected to be reflective of the Library's long-term contribution effort. At June 30, 2021, the Library's proportion was 0.032566%, which was a decrease of 0.000593% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Library recognized OPEB expense of \$55,520. At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,039	\$ 186,144
Changes of assumptions	165,291	580
Net difference between projected and actual earnings on plan investments	-	97,531
Changes in proportion and differences between Library contributions and proportionate share of contributions	130	20,143
Library contributions subsequent to the measurement date	71,170	-
	<u>\$ 334,630</u>	<u>\$ 304,398</u>

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The \$71,170 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, 2023. 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:	
2023	\$ 9,898
2024	(4,911)
2025	(6,463)
2026	(39,463)
	<u>\$ (40,939)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 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 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years Post – 65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 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 non-disabled 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 retired 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.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period ending July 1, 2013 – June 30, 2018.

Discount rate. The discount rate used to measure the total OPEB liability was 5.20%. 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 30-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 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. 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 9 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 9.

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 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Library's proportionate share of the net OPEB liability	\$ 856,006	\$ 623,460	\$ 432,617

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
Library's proportionate share of the net OPEB liability	\$ 448,817	\$ 623,460	\$ 834,256

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 - POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KPPA 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 10th of the following month. See Note 9 Employee's Pension Plan for payable as of June 30, 2022.

NOTE 11 – PROPERTY TAX

The Library participates as a special taxing district in Oldham County and levies property taxes as a primary means to support its operations. The categories for which taxes are received and collected and the corresponding tax rates per \$100 of assessed value for 2021 are as follows:

Category:	<u>Tax Rates</u> <u>2021</u>
Real property	\$4.0 mills
Tangible personal property other than motor vehicles & watercraft	\$9.0 mills
Motor vehicles	\$2.0 mills

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.

The County's personal property tax allocation is determined by the State Revenue Cabinet in Frankfort, based upon reported values and the tax rates established by the Library. The property is assessed for tax purpose at values defined in the state statutes.

Total tax revenues received in fiscal year 2022 amounted to \$3,160,496.

NOTE 12 – RISKS AND UNCERTAINTIES

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. The Library has been carefully monitoring the situation and evaluating its options during this time. The future effects of these issues are unknown; therefore no adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 13 – SUBSEQUENT EVENTS

The Library has evaluated subsequent events through February 15, 2023, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the Library as of that date.

**OLDHAM COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022**

	Original and Final Budget	Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 3,003,140	\$ 3,147,609	\$ 144,469
Library fines and fees	20,800	17,236	(3,564)
Donations	-	10,409	10,409
Grants	120,000	300,670	180,670
Investment earnings	500	2,583	2,083
Miscellaneous income	15,000	16,915	1,915
Total revenues	<u>3,159,440</u>	<u>3,495,422</u>	<u>335,982</u>
EXPENDITURES:			
Salaries and benefits	1,290,000	1,274,595	15,405
Retirement	248,000	236,191	11,809
Health/life insurance	144,000	115,087	28,913
Payroll taxes	107,300	96,760	10,540
Utilities	75,000	69,287	5,713
Lease expense	48,000	158,195	(110,195)
Maintenance	150,500	159,589	(9,089)
Insurance	40,000	38,482	1,518
Office supplies	7,500	6,686	814
Advertising and promotion	25,000	25,160	(160)
Travel	15,000	11,006	3,994
Professional fees	29,000	38,431	(9,431)
Program expense	68,500	70,376	(1,876)
Dues	8,000	6,129	1,871
Postage	4,000	3,386	614
Equipment/furniture	20,000	17,097	2,903
Data services	133,000	134,706	(1,706)
Miscellaneous	1,500	933	567
Library materials	237,000	216,858	20,142
Debt services	331,400	332,677	(1,277)
Capital outlay	-	220,026	(220,026)
	<u>2,982,700</u>	<u>3,231,657</u>	<u>(248,957)</u>
Excess revenues (deficiency) over expenditures	<u>176,740</u>	<u>263,765</u>	<u>87,025</u>
OTHER FINANCING SOURCES (USES):			
Lease financing	-	113,113	113,113
Net other financing sources (uses)	<u>176,740</u>	<u>376,878</u>	<u>113,113</u>
Net change in fund balance	<u>\$ 176,740</u>	<u>\$ 376,878</u>	<u>\$ 200,138</u>

The accompanying notes are an integral part of this statement.

**OLDHAM COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
(CONTINUED)
GENERAL FUND
Year Ended June 30, 2022**

BUDGET TO GAAP RECONCILIATION:

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

	General Fund
Sources/revenues:	
Actual amounts (budgetary basis)	\$ 3,495,422
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	14,222
Total revenues as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	<u>\$ 3,509,644</u>
Uses/expenditures:	
Actual amounts (budgetary basis)	\$ 3,231,657
Differences - budget to GAAP:	
The Library budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis	43,766
Total expenditures as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	<u>\$ 3,275,423</u>

The accompanying notes are an integral part of this statement.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO BUDGETARY COMPARISON SCHEDULE

June 30, 2022

NOTE 1 – EXPLANATION OF DIFFERENCES

As commonly practiced in governmental entities, the Library's budgetary process accounts for certain transactions on a basis other than the generally accepted accounting principles (GAAP) basis. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and the full accrual basis on the government-wide statements.

OLDHAM COUNTY PUBLIC LIBRARY

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

County Employees Retirement System

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Library's proportion of the net pension liability (asset)	0.032573%	0.033169%	0.033599%	0.033740%	0.033553%	0.032751%	0.031538%	0.031537%		
Library's proportionate share of the net pension liability (asset)	\$ 2,076,784	\$ 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	\$ 832,010	\$ 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	249.61%	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	57.33%	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

	<u>2022</u>	<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>
Contractually required contribution	\$ 185,535	\$ 160,578	\$ 163,975	\$ 137,407	\$ 120,991	\$ 113,961	\$ 97,034	\$ 94,295	\$ 98,650	
Contributions in relation to the contractually required contribution	<u>\$ (185,535)</u>	<u>\$ (160,578)</u>	<u>\$ (163,975)</u>	<u>\$ (137,407)</u>	<u>\$ (120,991)</u>	<u>\$ (113,961)</u>	<u>\$ (97,034)</u>	<u>\$ (94,295)</u>	<u>\$ (98,650)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Library's covered-employee payroll	\$ 862,243	\$ 832,010	\$ 849,610	\$ 847,146	\$ 835,575	\$ 816,925	\$ 781,281	\$ 733,335	\$ 723,519	
Contributions as a percentage of covered-employee payroll	21.52%	19.30%	19.30%	16.22%	14.48%	13.95%	12.40%	12.86%	13.63%	

The accompanying notes are an integral part of this statement.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION

June 30, 2022

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*									
	<u>2022</u>	<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>
Library's proportion of the net OPEB liability (asset)	0.032566%	0.033159%	0.033591%	0.033738%	0.033553%					
Library's proportionate share of the net OPEB liability (asset)	\$ 623,460	\$ 800,689	\$ 564,985	\$ 599,011	\$ 674,530					
Library's covered-employee payroll	\$ 832,010	\$ 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	74.93%	94.24%	66.69%	71.69%	82.57%					
Plan fiduciary net position as a percentage of the total pension liability	62.91%	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

	<u>2022</u>	<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>
Contractually required contribution	\$ 50,656	\$ 39,604	\$ 40,441	\$ 44,560	\$ 39,272	\$ 38,641				
Contributions in relation to the contractually required contribution	<u>\$ (50,656)</u>	<u>\$ (39,604)</u>	<u>\$ (40,441)</u>	<u>\$ (44,560)</u>	<u>\$ (39,272)</u>	<u>\$ (38,641)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Library's covered-employee payroll	\$ 862,243	\$ 832,010	\$ 849,610	\$ 847,146	\$ 835,575	\$ 816,925				
Contributions as a percentage of covered-employee payroll	5.87%	4.76%	4.76%	5.26%	4.70%	4.71%				

The accompanying notes are an integral part of this statement.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2022

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.
- For 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 non-disabled 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.

OLDHAM COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2022

2021

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.25%, 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 increased from an initial trend starting at 2.90% and increasing to a 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 5.50%, and gradually decreasing to an ultimate rate of 4.05% over a period of 13 years.



BRAMELACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700

www.bramelackley.com

1-877-585-6454

1885 Dixie Highway,

Fax 859-578-3542

Suite 310

info@bramelackley.com

Ft. Wright, Kentucky 41011

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
Oldham County Public Library
LaGrange, Kentucky**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Oldham County Public Library as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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.

February 15, 2023