

**MARSHALL COUNTY
Public Library**

Audit Report

June 30, 2021

AUDIT REPORT

of the

MARSHALL COUNTY PUBLIC LIBRARY

For the fiscal year ended

JUNE 30, 2021

KIM HAM

CERTIFIED PUBLIC ACCOUNTANT

TAXES ♦ BOOKKEEPING ♦ AUDITING ♦ PAYROLL ♦ CONSULTING

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Marshall County Public Library
Benton, Kentucky

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Marshall County Public Library, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Marshall County Public Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Marshall County Public Library, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other postemployment benefits other than pensions (OPEB) information on pages 3 through 7 and on pages 32 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2022, on my consideration of the Marshall County Public Library's internal control over financial reporting and on my 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 my 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 Marshall 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 the Marshall County Public Library's internal control over financial reporting and compliance.



Benton, Kentucky
January 31, 2022

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR JULY 1, 2020 THROUGH JUNE 30, 2021

This discussion and analysis of the Marshall County Public Library District (the Library) is offered by management as a narrative overview of the financial activities of the Library for the fiscal year July 1, 2020 - June 30, 2021. This information should be considered in conjunction with the Library's financial statements, notes to financial statements, and additional information contained in the audit.

Report Layout

This report consists of the Management's Discussion and Analysis (MD&A), government-wide statements (Statement of Net Position and Statement of Activities), fund statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance), notes to the financial statements, and supplementary information. The Library's annual financial statements provide both long-term and short-term information about the Library's overall status. The Library operates as a single governmental entity. Governmental activities include basic services such as lending books and audio-visual materials; access to the Internet; reference services; programming for children, youth, and adults; database access; and other library services.

Basic Financial Statements

- The Statement of Net Position and the Governmental Fund Balance Sheet are presented in separate columnar format on a combined statement. The Statement of Net Position column focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of assets the Library owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and amounts unrestricted. The Statement of Net Position is reported on the accrual basis of accounting. The Governmental Fund Balance Sheet column reports only the current financial assets and liabilities of the Library. The Governmental Fund Balance Sheet is reported on the modified accrual basis of accounting.
- The Statement of Activities and Governmental Statement of Revenues, Expenditures and Changes in Fund Balance are presented in separate, columnar format on a combined statement. The Statement of Activities reports how the Library's net position changed during the year. All revenues and expenses are included regardless when cash is received or paid. On the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are recorded when each liability is incurred, except for principal and interest on long-term debt which are reported when due.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Library's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. When possible, significant changes from the prior year are explained in the following paragraphs.

**MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR JULY 1, 2020 THROUGH JUNE 30, 2021**

The following is a condensed version of the Statement of Net Position:

	June 30, 2021	June 30, 2020
Assets and Deferred Outflows:		
Cash	\$ 2,067,238	\$ 2,087,969
Receivables	49,890	33,959
Prepaid expenses	17,692	4,644
Land, property, equipment, collection	10,762,284	11,105,960
Deferred amounts related to pension – outflows	388,808	456,563
Deferred amounts related to other post-employment benefits – outflows	<u>316,676</u>	<u>188,148</u>
Total Assets and Deferred Outflows	<u>13,602,588</u>	<u>13,877,243</u>
Liabilities and Deferred Inflows:		
Accounts payable	51,652	192,806
Accrued expenses	189,541	182,589
Unearned grant revenue	1,000	5,822
Bonds payable	5,765,000	5,895,000
Bonds premium	30,108	31,223
Net pension liability	2,265,694	2,079,320
Net other post-employment benefits	713,108	497,152
Deferred amounts related to pension – inflows	157,599	315,150
Deferred amounts related to other post-employment benefits – inflows	<u>217,051</u>	<u>277,425</u>
Total Liabilities and Deferred Inflows	<u>9,390,753</u>	<u>9,476,487</u>
Net Position:		
Net Investment in Capital Assets	4,967,176	4,523,920
Unrestricted	<u>(755,341)</u>	<u>(123,164)</u>
Total Net Position	<u>\$ 4,211,835</u>	<u>\$ 4,400,756</u>

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 FISCAL YEAR JULY 1, 2020 THROUGH JUNE 30, 2021

The following is a condensed version of the Statement of Activities:

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Revenues:		
Program revenues:		
Charges for services	\$ 10,328	\$ 11,193
Grants and contributions	28,628	23,242
General revenues:		
Taxes	2,422,744	2,338,293
Other	9,445	9,820
Interest	<u>5,070</u>	<u>48,826</u>
Total Revenues	<u>2,476,215</u>	<u>2,431,374</u>
Expenses:		
General government	<u>2,665,136</u>	<u>2,374,057</u>
Total Expenses	<u>2,665,136</u>	<u>2,374,057</u>
Change in Net Position	(188,921)	57,317
Beginning Net Position	<u>4,400,756</u>	<u>4,343,439</u>
Ending Net Position	<u>\$ 4,211,835</u>	<u>\$ 4,400,756</u>

Governmental Activities

The Library's governmental revenues totaled \$2,476,215 with the greatest revenue source being property taxes, which make up 97.8 percent of total governmental revenue. Property tax revenue had a 3.6 percent increase from the prior year. State and local grants and contributions represent 1.2 percent of total revenue, and charges for services represents .4 percent of total revenue, a 7.7 percent decrease from the prior year. Interest income had a substantial decrease of 89.6 percent from the prior year due to the remaining bond proceeds being spent and makes up .2 percent of total revenue.

The Library incurred expenses of \$2,665,136 during the year, a 12.3 percent increase over the prior year. The majority of governmental expense is associated with the staffing of the Library, which provides all library services, and represents 51.6 percent of total governmental expenses.

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 FISCAL YEAR JULY 1, 2020 THROUGH JUNE 30, 2021

Capital Assets

At June 30, 2021, the Library had \$10,762,284 invested in capital assets, including land, buildings, motor vehicles, furniture, equipment, and collection, a 3.1 percent decrease from the prior year, due to depreciation being more than capital assets acquired.

Capital Assets at Year End:

Land	\$	839,256
Buildings and improvements		10,905,579
Bookmobile		65,676
Furniture and equipment		1,697,584
Print and non-print collection		<u>436,147</u>
 Total		 13,944,242
 Less: Accumulated depreciation		 <u>3,181,958</u>
Capital Assets, net	\$	<u><u>10,762,284</u></u>

Budgetary Highlights:

- Due to the COVID-19 pandemic, the library operated with curbside-only services for 13 weeks of the fiscal year.
- All budget lines – especially Salary, Supply, and Programming – have been impacted by the COVID-19 pandemic. Budgeting for these lines proved difficult as it became impossible to predict what services may be allowed at any given time and what needs might arise.
- The Library experienced an increase in employee turnover in the 2021 fiscal year. This turnover has affected the salary lines as well as continuing education as new full-time employees are required to meet the Kentucky Department for Libraries and Archives' certification standards.
- The lighting system at the Hardin branch needs to be replaced as it is no longer possible to get replacement parts for the current system. This project began in the 2021 fiscal year and will continue until all lights have been replaced.
- The Bookmobile required significant repair work, which had to be completed at a certified repair shop. Since TAG in Calvert City is no longer a certified repair shop for our particular model of Sprinter, we are required to travel to the shop in Franklin, TN.
- Throughout the 2021 fiscal year, utilities were paid on the property at 1003 Poplar Street location and the property was listed for sale with a realtor in February 2021. Due to lack of interest, the Board voted in June to auction the property in the 2022 fiscal year.
- The Library is continuing to pay on the bond debt as scheduled.
- The Library acquired an LTSA grant through KDLA to purchase hotspots and laptops to lend to the public.
- The Library received compensation for monies spent toward the #MarshallStrong project through the Anti-Terrorism Emergency Assistance Program.

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR JULY 1, 2020 THROUGH JUNE 30, 2021

Budgetary Highlights (Continued):

- Computer hardware and software continue to require updating. The Library strives to replace computer equipment over four years old on a regular basis at all locations.
- The Library's materials collection is constantly being weeded and updated with current titles as the demand for new print materials remains consistent despite the reduction in hours and services. The Library also continues to add eBooks and databases to its collection due to the increasing demand.

Economic Environment and Next Year's Budgets and Rates

Despite the pandemic, the tax base is expected to remain steady. We expect there to be very little variation in our tax receipts from the 2020-2021 fiscal year to the 2021-2022 fiscal year. However, there is no way to accurately predict the long-term effects of the pandemic while it is still unclear how long it might continue to impact our economy.

The Director and Library Board are monitoring the increasing cost for participating in the Kentucky Retirement System. In response to the COVID crisis, contribution rates will remain at the same rate from 2020-2021 to 2021-2022 but are expected to increase another 12% annually for the next ten years.

Tax rates for the 2021-2022 fiscal year will be 9.4 for Real Property and 10.28 for Personal Property, which were calculated by the state as the compensating rates for this time period.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and patrons with a general overview of the Library's finances, comply with finance-related laws and regulations, and demonstrate the Library's commitment to public accountability. If you have any questions about the report or need additional information, we welcome you to contact the Director at the address below.

Tammy Blackwell, Director
Marshall County Public Library System
1150 Birch Street
Benton, KY 42025.

MARSHALL COUNTY PUBLIC LIBRARY
Schedule of Library Officials
For the Fiscal Year Ended June 30, 2021

Library Board Members:

Carolya Damall	President
Lisa Carter	Vice-President
Jeanne Lovett	Secretary
Paul Thurman	Treasurer
Nancy Petty	Member

Library Administration & Staff

Tammy Blackwell	Director
Wesley Berhow	Branch Manager @ Calvert City
Deidra Tosh	Branch Manager @ Hardin
Lenisa Jones	Branch Manager @ Benton
Hayden Eubanks	Bookmobile Librarian
Ginger Russell	Reader Services Manager
Wes Smith	Technology Coordinator
Nick Adams	Digital Media Coordinator
Beth Farley	Bookkeeper
Olivia Shelton	Teen Services Librarian
Beth Kerrick	Children's Librarian @ Benton
Holly Reynolds	Technical Services @ Benton
Charla Cope	Inter-Library Loss Librarian & Technical Services @ Benton
Emily Williams	Circulation @ Benton
Tara Irvan	Technical Services @ Benton
Chandler McClard	Circulation @ Benton
Rachel Bowlin	Circulation @ Benton
Madison Singery	Circulation @ Benton
Alyssa Hubbard	Circulation @ Benton
Trisha Conklin	Circulation @ Benton
Sara Dittman	Children's Librarian @ Hardin
Jenny Calhoon	Technical Services @ Hardin
Sweeda Compton	Circulation @ Hardin
April Hannah	Circulation @ Hardin
Sidney Rudd	Circulation @ Hardin
Kelsey Myers	Circulation @ Hardin
Hayley Fountain	Children's Librarian @ Calvert City
Emily McGill	Technical Services @ Calvert City
Venita Fritz	Circulation @ Calvert City
Rita Smith	Circulation @ Calvert City
Stephanie Leedy	Circulation @ Calvert City
Haley Garrison	Circulation @ Calvert City
Don Tubbs	Maintenance

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 2,067,238
Receivables:	
Taxes	29,144
Other	20,746
Prepaid expenses	17,692
Total Current Assets	2,134,820
Noncurrent Assets:	
Capital assets	13,944,242
Less: Accumulated depreciation	(3,181,958)
Total Noncurrent Assets	10,762,284
TOTAL ASSETS	\$ 12,897,104
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	\$ 388,808
Deferred outflows related to other postemployment benefits	316,676
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 705,484
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 51,652
Accrued compensated absences	155,928
Unearned grant revenue	1,000
Payroll liabilities	33,613
Current portion of outstanding bonds	135,000
Total Current Liabilities	377,193
Noncurrent Liabilities:	
Net pension liability	2,265,694
Net other postemployment benefits liability	713,108
Outstanding bonds, less current portion	5,630,000
Bonds premium	30,108
Total Noncurrent Liabilities	8,638,910
TOTAL LIABILITIES	\$ 9,016,103
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions	\$ 157,599
Deferred inflows related to other postemployment benefits	217,051
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 374,650
NET POSITION:	
Net investment in capital assets	\$ 4,967,176
Unrestricted	(755,341)
TOTAL NET POSITION	\$ 4,211,835

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

		Program Revenues			Net Expense (Revenue) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Education	\$ 2,665,136	\$ 10,328	\$ 1,272	\$ 27,356	\$ (2,626,180)
Total governmental activities	2,665,136	10,328	1,272	27,356	(2,626,180)
Total primary government	\$ 2,665,136	\$ 10,328	\$ 1,272	\$ 27,356	(2,626,180)
General Revenues:					
Taxes					2,422,744
Investment earnings					5,070
Gain on disposal of fixed assets					7,125
Miscellaneous					2,320
Total general revenues					2,437,259
Change in net position					(188,921)
Net Position at July 1, 2020					4,400,756
Net Position at June 30, 2021					\$ 4,211,835

The accompanying notes are an integral part of the financial statements.

**MARSHALL COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 2,067,238
Prepaid expenses	17,692
Receivables:	
Taxes	29,144
Other	20,746
TOTAL ASSETS	<u><u>\$ 2,134,820</u></u>
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts payable	\$ 51,652
Unearned grant revenue	1,000
Payroll liabilities	33,613
TOTAL LIABILITIES	<u>86,265</u>
FUND BALANCES:	
Unassigned	2,048,555
TOTAL FUND BALANCES	<u>2,048,555</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,134,820</u></u>

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 June 30, 2021

Total fund balance per fund financial statements	\$	2,048,555
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the statement of net position		10,762,284
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		231,209
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds		99,625
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds		(8,773,910)
Liabilities for compensated absences are reported in the statement of net position when an employee is entitled to a compensated absence, but they are not reported in the fund financial statement until the financial resources are expended		<u>(155,928)</u>
Net position of governmental activities	\$	<u><u>4,211,835</u></u>

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES:	
Property taxes	\$ 2,422,744
State aid and other grants	27,356
Desk receipts	6,593
Interest	5,070
Donations	1,272
Rent	3,735
Other	2,320
TOTAL REVENUES	<u>2,469,090</u>
EXPENDITURES:	
Current:	
Advertising	18,240
Bookmobile	8,513
Building and grounds maintenance	95,011
Electronic expense	68,841
Employee benefits	121,965
Collection-database & other	92,084
Continuing education	10,424
Dues, memberships and licenses	5,016
Insurance	56,241
Miscellaneous	5,425
Office and program supplies	52,636
Payroll taxes	65,449
Professional fees	11,321
Retirement plan	189,435
Salaries	864,696
Utilities and telephone	83,445
Capital Outlay:	
Building, equipment, expansion, upgrade	151,394
Print and non-print collection	86,722
Debt Service:	
Principal	130,000
Interest and other charges	203,500
TOTAL EXPENDITURES	<u>2,320,358</u>
Excess (deficit) of revenues over expenditures before other financing sources (uses)	<u>148,732</u>
OTHER FINANCING SOURCES (USES):	
Proceeds from sale of surplus	8,708
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,708</u>
Net change in fund balance	157,440
Fund Balance, July 1, 2020	<u>1,891,115</u>
FUND BALANCE, JUNE 30, 2021	<u>\$ 2,048,555</u>

The accompanying notes are an integral part of the financial statements.

**MARSHALL COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Net change in total governmental fund balances per fund financial statements	\$	157,440
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 outlay was exceeded by depreciation expense		(342,093)
Adjusted basis on assets disposed during the year are not reported in governmental funds		(1,583)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of the governmental funds. Neither transaction however, has any effect on net position.		130,000
Certain expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:		
Increase in pension expense		(96,578)
Increase in OPEB expense		(27,054)
Bond premium amortization		1,115
Increase in compensated absences		(10,168)
Change in net position of governmental activities	\$	<u>(188,921)</u>

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The basic financial statements of the Marshall County Public Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Marshall County Public Library are described below.

B. Reporting Entity

The Marshall County Public Library was formed and operates as a public taxing district. The Marshall County Public Library was established in June, 1954 by the Marshall County Fiscal Court.

The Marshall County Public Library is considered a separate entity, not a component unit subject to inclusion in the financial statements of any other government unit. Criteria considered in determining the reporting entity include evaluating oversight responsibility, financial interdependence, selection of board members and management personnel, influence over operations and accountability for fiscal matters.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Library's operations include how the budget is adopted, whether debt is secured by general obligation of the Library, the Library's duty to cover any deficits that may occur and supervision over the accounting functions. Based on this, the primary government of the Library includes only the general fund.

As required by generally accepted accounting principles, these financial statements present the governmental activities of the Marshall County Public Library for the fiscal year ended June 30, 2021.

The Library does not have any discretely presented component units.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities. The Marshall County Public Library does not have any business-type activities.

The statement of activities demonstrates the degree to which direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

The government reports the following fund of the financial reporting entity:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

E. Assets, Liabilities and Net Position or Equity

Cash and Investments

Cash consists entirely of amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the Marshall County Public Library. The Marshall County Public Library is permitted to invest in U.S. Treasury and Agency Obligations, certain other federal investments, repurchase agreements, the Commonwealth of Kentucky Investment Pool, and commercial banks' certificates of deposit.

Compensated Absences

Library employees are entitled to certain compensated absences based on their length of employment. Compensated absences are accrued when they are earned in the government-wide financial statements. A liability for these amounts is not reported in governmental funds.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has both deferred outflows and deferred inflows related to its pension plan and other postemployment benefits.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows or resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS 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. The Library proportionate share of pension amounts were further allocated to each participating employer based on the salaries paid by each employer. Pension investments are reported at fair value. Note 6 provides further detail on the net pension liability.

Net Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows or resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The Library's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Note 6 provides further detail on the net OPEB liability.

Receivables and Payables

Property tax receivable is shown at the amount collected by county fee officials through June 30, 2021 and remitted to the Library thereafter for current taxes. Delinquent taxes are shown in receivables if received within 60 days after year end. Delinquent taxes not received within 60 days after year end are considered to be uncollectible. Property taxes are secured by a lien on the property, but uncollected amounts are fully reserved as of June 30.

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (continued)

Fixed Assets

General capital assets are reported in the governmental activities column of the government-wide statement of net position. The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets. When purchased, such assets are recorded as expenditures in the governmental funds. In accordance with provisions of GASB 34, the Library is not required to retroactively report infrastructure. Therefore, the Library has elected to only report infrastructure additions from July 1, 2003 and forward.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The ranges of lives for depreciation purposes for each class are as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Buildings and Building Improvements	\$ 500	10-40
Furniture and Equipment	500	3-10
Print and Non-print Collections	500	3-5

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and repayment of principal and interest reported as expenditures.

Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable includes amounts that must be maintained intact legally or contractually.

Spendable include the following:

- Restricted - amount constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed - amounts constrained for a specific purpose by the board using its highest level of decision-making authority.
- Assigned - for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed.
- Unassigned - for the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (continued)

Fund Equity (Continued)

For resources considered committed, the Board issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the Board has designated the director to carry out the intent of the Board.

It is the policy of the Board to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned and unassigned resources will be spent in that order on the activity.

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in capital assets - this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted - this category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - this resulting category presents the remaining library net position and this measure of equity is unrestricted, legally or otherwise.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

F. Reconciliation of Government-Wide and Fund Financial Statements

The statements include reconciliation between fund balances in the governmental funds and net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. A similar reconciliation is included in the statements to reflect the transition from the modified accrual basis of accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense and principal payments are not reported as an expense.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 2 - DEPOSITS

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral agreement.

NOTE 3 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property, plus tangible personal property that is located within the Library's boundaries. All property taxes are levied as of July 1 based on the assessment values as of the previous January 1. Property taxes are due within 60 days after mailing by the sheriff's office. After that date, a penalty is imposed.

Assessed values are established by the County Property Valuation Administrator at 100% of appraised market value. The Library's tax rate applicable to the 2021 fiscal year was \$.094 per \$100 of assessed valuation for real estate and \$.1028 for tangible personal property.

NOTE 4 - INSURANCE

For the fiscal year ended June 30, 2021, Marshall County Public Library was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 839,256	\$ 0	\$ 0	\$ 839,256
Construction in Progress	<u>6,582,040</u>	<u>106,540</u>	<u>6,688,580</u>	<u>0</u>
Total Capital Assets Not Being Depreciated	<u>7,421,296</u>	<u>106,540</u>	<u>6,688,580</u>	<u>839,256</u>
Capital Assets Being Depreciated:				
Building and Improvements	4,238,211	6,667,368	0	10,905,579
Furniture and Equipment	1,985,738	22,221	244,699	1,763,260
Print, Non-print Collection	<u>476,558</u>	<u>86,722</u>	<u>127,133</u>	<u>436,147</u>
Total Capital Assets Being Depreciated	<u>6,700,507</u>	<u>6,776,311</u>	<u>371,832</u>	<u>13,104,986</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	1,598,846	270,142	0	1,868,988
Furniture and Equipment	1,162,819	168,437	243,116	1,088,140
Print, Non-print Collection	<u>254,178</u>	<u>97,785</u>	<u>127,133</u>	<u>224,830</u>
Total Accumulated Depreciation	<u>3,015,843</u>	<u>536,364</u>	<u>370,249</u>	<u>3,181,958</u>
Total Capital Assets Net of Depreciation	<u>\$ 11,105,960</u>	<u>\$ 6,346,487</u>	<u>\$ 6,690,163</u>	<u>\$ 10,762,284</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 536,364

NOTE 6 - RETIREMENT PLAN

County Employees Retirement System Pension and Insurance Funds

Plan descriptions and benefits provided:

The Marshall County Public Library has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer, defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The Plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (Continued)

Plan descriptions and benefits provided (Continued):

The CERS also provides other post-employment benefits through the Kentucky Retirement Systems Insurance Fund (Insurance Fund), which was established to provide hospital and medical insurance for members receiving benefits from CERS. The Insurance Fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Kentucky Retirement Systems. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The amount of contribution paid by the Insurance Fund is based upon years of service. All participants enrolled in CERS are automatically enrolled in both the insurance fund and the pension fund. Information regarding the Insurance Fund is contained in the financial statements of the Kentucky Retirement Systems.

The Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing or calling the plan.

Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601-6124
(502) 564-4646

Contributions:

Contribution rates are established by the Kentucky Revised Statutes. The Library only had employees in non-hazardous positions. Non-hazardous plan members who began participating prior to September 1, 2008 are required to contribute 5% of their annual creditable compensation. Plan members who began participating on or after September 1, 2008 and before January 1, 2014 are required to contribute an additional 1.00% for retirement health insurance coverage. Plan members who began participating on or after January 1, 2014 are required to contribute to the Cash Balance Plan which is a hybrid plan with characteristics of both a defined benefit plan and a defined contribution plan. Members in the Cash Balance Plan are required to contribute at the same rates as plan members who began participating on or after September 1, 2008. The employer contribution plan rate for non-hazardous plan members was 24.06% for the year ended June 30, 2021. The required contribution rate is made up of a portion that is attributed to the insurance fund and a portion attributed to the pension fund. For non-hazardous contributions, 19.30% is the rate for the pension fund and 4.76% is the rate for the insurance fund. The pension contributions for the fiscal year ended June 30, 2021 were \$142,881. The insurance contributions for the fiscal year ended June 30, 2021 were \$35,239. The actuarially determined contribution requirements of plan members and the Library are established and may be amended by the Kentucky Retirement Systems Board of Trustees.

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2021, the Library reported a liability of \$2,265,694 for its proportionate share of the net pension liability of non-hazardous employees. The total pension liability was rolled-forward from the actuarial valuation date of June 30, 2019 to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. The Library's proportion of the net pension liability was based on a projection of the Board's share of contributions to the pension plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2020, the Library's proportion was .029540% for non-hazardous employees.

As a result of its requirement to contribute to the CERS pension fund, the Library recognized non-hazardous pension expense of \$232,391 for the year ended June 30, 2021. At June 30, 2021, the Library reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 56,499	\$ 0
Assumption changes	88,472	0
Investment experience	98,210	41,514
Change in proportion and differences between employer contributions and proportionate share of plan contributions	2,746	116,085
Library contributions subsequent to the measurement date	142,881	0
Total	\$ 388,808	\$ 157,599

Deferred outflows of resources in the amount of \$142,881 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ 4,912
2023	33,036
2024	27,610
2025	22,770

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued):

The net pension liability as of June 30, 2021, is based on the June 30, 2019 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2020 using generally accepted actuarial principles. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred outflows and inflows related to differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of plan contributions are amortized over a period that represents the weighted average service life of active and inactive members of the plan (3.14 years for non-hazardous plans).

Actuarial assumptions:

The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018. Subsequent to the actuarial valuation date (June 30, 2019), but prior to the measurement date, the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. The KRS Board of Trustees did not update any actuarial assumptions in performing the actuarial valuation as of June 30, 2020 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report):

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

Senate Bill 249 changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (Continued)

Actuarial assumptions (Continued):

Additionally, House Bill 271 removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of surviving spouses and dependent children who did not elect the in line of duty or duty-related benefit. This did not have a material (or measurable) impact on the liability of the plans and therefore, the total pension liability was not adjusted to reflect this legislation.

The long-term expected rate of return on plan assets was determined by using a building block method in which best-estimate ranges of expected future real rates of return 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 rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	(0.25)%
Cash Equivalent	1.00%	(0.75)%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	

Discount rate:

The discount rate used to measure the total pension liability was 6.25%. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the actuarially determined contribution rate of projected compensation over a closed 30-year amortization period of the unfunded actuarial accrued liability. The projection of cash flows includes an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249. This includes the phase-in provisions from House Bill 362 as well as the provisions which kept contributions level from fiscal year ending 2021. Once the unfunded actuarial accrued liability is fully amortized, the employer will only contribute the normal cost rate and the administrative expense rate on the closed payroll for existing members.

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (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.

	<u>1% Decrease (5.25%)</u>	<u>Current Discount (6.25%)</u>	<u>1% Increase (7.25%)</u>
Board's proportionate share of the net pension liability	\$ 2,794,093	\$2,265,694	\$1,828,159

Pension plan fiduciary net position:

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

Payables to the pension plan:

At June 30, 2021, the financial statements include \$18,277 in payables to CERS for the pension and insurance funds. These are legally required contributions to the plan. These amounts are not accounted for in the net pension liability.

County Employees Retirement System Insurance Fund (OPEB)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:

At June 30, 2021, the Library reported a liability of \$713,108 for its proportionate share of the net OPEB liability of non-hazardous employees. The total OPEB liability was rolled-forward from the actuarial valuation date of June 30, 2019 to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. The Library's proportion of the net OPEB liability was based on a projection of the Library's share of contributions to the OPEB plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2020, the Library's proportion was .029532% for non-hazardous employees.

The fully insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB Statement No. 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (continued):

As a result of its requirement to contribute to the CERS insurance fund, the Library recognized non-hazardous OPEB expense of \$75,390 for the year ended June 30, 2021. At June 30, 2021, the Library reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 119,145	\$ 119,238
Assumption changes	124,039	754
Investment experience	38,253	14,551
Change in proportion and differences between employer contributions and proportionate share of plan contributions	0	82,508
Library contributions subsequent to the measurement date	35,239	0
Total	\$ 316,676	\$ 217,051

Deferred outflows of resources in the amount of \$35,239 for non-hazardous 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ 17,901
2023	24,915
2024	11,526
2025	15,263
2026	(5,219)

The net OPEB liability as of June 30, 2021 is based on the June 30, 2019 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2020 using generally accepted actuarial principles. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred outflows and inflows related to differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a period that represents the weighted average of the remaining service life of active and inactive members of the plan (4.94 years for non-hazardous plans).

MARSHALL COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

Actuarial assumptions:

The total OPEB liability, net OPEB liability, and sensitivity information for the actuarial valuation as of June 30, 2020 was based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018. Subsequent to the actuarial valuation date (June 30, 2019), but prior to the measurement date, the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review, the KRS Board of Trustees adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2020 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report):

Single discount rate - Prior measurement date: 5.68% for non-hazardous; Measurement date: 5.34% for non-hazardous

Municipal bond rate - Prior measurement date of 3.13%; Measurement date of 2.45%

Other - Actuarial data reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11.00% to reflect the repeal of the Health Insurer Fee.

Healthcare trend rates - Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years (Pre-65). Initial trend rate starting at 2.90% at January 1, 2022, increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years (Post-65)

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

Senate Bill 249 changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

Actuarial assumptions (Continued):

The long-term expected rate of return on plan assets was determined by using a building block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	(0.25)%
Cash Equivalent	1.00%	(0.75)%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	

Discount rate:

The discount rate used to measure the total OPEB liability was 5.34% for non-hazardous. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the actuarially determined contribution rate of projected compensation over a closed 30-year amortization period of the unfunded actuarial accrued liability. The projection of cash flows includes an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249. This includes the phase-in provisions from House Bill 362 as well as the provisions which kept contributions level from fiscal year ending 2021. The cost associated with the implicit employer subsidy was not included in the calculation of the KRS's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments from the retirement system; as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate. There was a change in the Municipal Bond Index Rate from the prior measurement date to the measurement date, so as required under GASB Statement No. 75, the single equivalent interest rate at the measurement date of 5.34% for non-hazardous was calculated using the Municipal Bond Index Rate as of the measurement date of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB Statement No. 75.

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

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 for CERS non-hazardous calculated using the discount rate of 5.34%, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate.

	<u>1% Decrease (4.34%)</u>	<u>Current Discount (5.34%)</u>	<u>1% Increase (6.34%)</u>
Library's proportionate share of the net OPEB liability	\$ 916,134	\$ 713,108	\$ 546,356

The following presents the Library's proportionate share of the net OPEB liability, as well as what the Library's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Library's proportionate share of the net OPEB liability	\$ 552,124	\$ 713,108	\$908,466

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

Payables to the OPEB plan:

At June 30, 2021, the financial statements include \$18,277 in payables to CERS for the pension and insurance funds. These are legally required contributions to the plan. These amounts are not accounted for in the net OPEB liability.

NOTE 7 - LONG-TERM DEBT

During 2018, the Library sold Marshall County Public Library General Obligation Bonds, Series 2018, in the amount of \$6,130,000. The bonds were issued for the construction of a new facility. The bonds will bear interest rates of 3% to 4% and interest payments are to be made semiannually beginning December 1, 2018. Principal payments are to be made annually on June 1 with final payment due June 1, 2048. The bonds were issued at a premium and as of June 30, 2021 the amortized bond premium was \$30,108. Future bond maturities are as follows:

MARSHALL COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
 JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (Continued)

Fiscal Year Ended June 30	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 199,600	\$ 135,000	\$ 334,600
2023	195,550	140,000	335,550
2024	191,350	145,000	336,350
2025	187,000	150,000	337,000
2026	182,500	150,000	332,500
2027-2031	842,000	825,000	1,667,000
2032-2036	690,850	980,000	1,670,850
2037-2041	482,981	1,190,000	1,672,981
2042-2046	262,007	1,410,000	1,672,007
2047-2048	33,775	640,000	673,775
	<u>\$ 3,267,613</u>	<u>\$ 5,765,000</u>	<u>\$ 9,032,613</u>

Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2021 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 5,895,000	\$ 0	\$ 130,000	\$ 5,765,000	\$ 135,000
Total Long-Term Debt	<u>\$ 5,895,000</u>	<u>\$ 0</u>	<u>\$ 130,000</u>	<u>\$ 5,765,000</u>	<u>\$ 135,000</u>

NOTE 8 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 31, 2022, the date financial statements were available to be issued.

Subsequent to the fiscal year end, the Library sold the old Benton facility.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 2,274,775	\$ 2,291,275	\$ 2,422,744	\$ 131,469
State aid and other grants	15,000	24,000	27,356	3,356
Interest	7,500	7,500	5,070	(2,430)
Other	18,000	18,000	13,920	(4,080)
TOTAL REVENUES	<u>2,315,275</u>	<u>2,340,775</u>	<u>2,469,090</u>	<u>128,315</u>
EXPENDITURES:				
Current:				
Advertising	17,000	18,500	18,240	260
Bookmobile	6,500	7,500	8,513	(1,013)
Building and grounds maintenance	84,000	79,500	95,011	(15,511)
Electronic expense	55,000	73,250	68,841	4,409
Employee benefits	150,000	135,000	121,965	13,035
Collection-database & other	116,500	121,000	92,084	28,916
Continuing education	16,000	17,000	10,424	6,576
Dues, memberships and licenses	6,000	6,000	5,016	984
Insurance	50,000	56,300	56,241	59
Miscellaneous	2,500	6,500	5,425	1,075
Office and program supplies	45,500	65,400	52,636	12,764
Payroll taxes	71,000	71,250	65,449	5,801
Professional fees	16,500	15,000	11,321	3,679
Retirement plan	199,000	195,000	189,435	5,565
Salaries	940,975	882,000	864,696	17,304
Utilities and telephone	83,800	86,800	83,445	3,355
Capital Outlay	121,500	280,668	238,116	42,552
Debt service	333,500	333,500	333,500	0
Reserve	1,679,000	0	0	0
TOTAL EXPENDITURES	<u>3,994,275</u>	<u>2,450,168</u>	<u>2,320,358</u>	<u>129,810</u>
Excess (deficit) of revenues over expenditures before other financing sources (uses)	<u>(1,679,000)</u>	<u>(109,393)</u>	<u>148,732</u>	<u>258,125</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of surplus	0	0	8,708	8,708
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>8,708</u>	<u>8,708</u>
Net change in fund balance	(1,679,000)	(109,393)	157,440	266,833
Fund Balance, July 1, 2020	1,679,000	109,393	1,891,115	1,781,722
FUND BALANCE, JUNE 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,048,555</u>	<u>\$ 2,048,555</u>

The annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The budget is submitted to the Board of Trustees, which revises and adopts the budget prior to the beginning of the fiscal year. The budget is presented in summary form to minimize necessary amendments; however, it also contains more detailed line item amounts for administrative control. Amendments may be adopted during the year as necessary to comply with KRS 91A.030.

The accompanying notes are an integral part of the financial statements.

**MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) PENSION FUND
LAST SEVEN FISCAL YEARS***

	<u>2021</u>	<u>2020</u>
Employer's proportion of the net pension liability	0.029540%	0.029565%
Employer's proportionate share of the net pension liability (asset)	\$ 2,265,694	\$ 2,079,320
Employer's covered payroll	\$ 740,316	\$ 793,296
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	306.04%	262.11%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%

* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

The total pension liability and net pension liability as of June 30, 2021 is based on the June 30, 2019 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2020 using generally accepted actuarial principles. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation date	June 30, 2019
Experience study:	July 1, 2013 - June 30, 2018 for years 2020 and 2021; July 1, 2008 - June 30, 2013 for prior years
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Remaining amortization period:	30 years
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation:	2.30%
Payroll growth rate:	2.00%
Salary increase:	3.30% to 10.30%, varies by service
Investment rate of return:	6.25%, net of pension plan investment expense, including inflation
Mortality:	For active members: PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries: System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members: 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 accompanying notes are an integral part of the financial statements.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.034070%	0.036690%	0.038310%	0.035240%	0.034150%
\$ 2,074,723	\$ 2,147,344	\$ 1,886,168	\$ 1,514,964	\$ 1,108,000
\$ 745,764	\$ 840,584	\$ 897,093	\$ 911,660	\$ 822,254
278.20%	255.46%	210.25%	166.18%	134.75%
53.54%	53.32%	55.50%	59.97%	66.80%

NOTE: This schedule is based on the last measurement date of the net pension liability.

Changes in plan provisions:	The funding period for amortization of the unfunded liability was changed to 30 years as of June 30, 2019. Gains and losses occurring in future years will be amortized over separate 20-year amortization bases.
Changes of benefit terms:	Reduction in monthly payment to surviving spouse of a member whose death was due to an in line of duty injury upon remarriage of the surviving spouse. Increased benefits for a very small number of surviving spouses and dependent children who did not elect the in line of duty or duty-related benefit.
Changes of assumptions:	None

**MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) PENSION FUND
LAST SEVEN FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 142,881	\$ 153,106	\$ 120,963	\$ 121,717
Contributions in relation to the contractually required contribution	<u>142,881</u>	<u>153,106</u>	<u>120,963</u>	<u>121,717</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Employer's covered payroll	\$ 740,316	\$ 793,296	\$ 745,764	\$ 840,584
Contributions as a percentage of covered payroll	19.30%	19.30%	16.22%	14.48%

* The amounts presented for each fiscal year were determined as of June 30. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end.

The accompanying notes are an integral part of the financial statements.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 167,577	\$ 155,536	\$ 145,028
<u>167,577</u>	<u>155,536</u>	<u>145,028</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 897,093	\$ 911,660	\$ 822,254
18.68%	17.06%	17.64%

**MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) INSURANCE FUND
LAST FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>
Employer's proportion of the net OPEB liability (asset)	0.029532%	0.029558%
Employer's proportionate share of the net OPEB liability (asset)	\$ 713,108	\$ 497,152
Employer's covered payroll	\$ 740,316	\$ 793,296
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	96.32%	62.67%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%

NOTE: This schedule is based on the last measurement date of the net OPEB liability.

The total OPEB liability and net OPEB liability as of June 30, 2021 is based on the June 30, 2019 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2020 using generally accepted actuarial principles. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation date	June 30, 2019
Experience study:	July 1, 2013 - June 30, 2018 for years 2020 and 2021; July 1, 2008 - June 30, 2013 for prior years
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Remaining amortization period:	30 years
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized each year
Inflation:	2.30%
Payroll growth:	2.00%
Salary increase:	3.30% to 10.30%, varies by service
Investment rate of return:	6.25%, net of OPEB plan investment expense, including inflation
Mortality:	For active members: PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries: System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members: 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 accompanying notes are an integral part of the financial statements.

<u>2019</u>	<u>2018</u>
0.034070%	0.036690%
\$ 604,906	\$ 737,514
\$ 745,764	\$ 840,584
81.11%	87.74%
57.62%	52.39%

* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

Healthcare trend rates: Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years (Pre-65).
Initial trend at 2.90% at January 1, 2022 and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years (Post-65).

Changes in plan provisions: The funding period for amortization of the unfunded liability was changed to 30 years as of June 30, 2019. Gains and losses occurring in future years will be amortized over separate 20-year amortization bases.

Changes of benefit terms: None

Changes of assumptions: The single discount rate changed from 5.68% to 5.34%.
The municipal bond rate decreased from 3.13% to 2.45%.
The healthcare cost trend assumption was updated to better reflect current expectations relating to anticipated future increases in medical costs. Actuarial value reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11.00% to reflect the repeal of the Health Insurer Fee.

**MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) INSURANCE FUND
LAST FOUR FISCAL YEARS***

	2021	2020
Contractually required contribution	\$ 35,239	\$ 37,761
Contributions in relation to the contractually required contribution	35,239	37,761
Contribution deficiency (excess)	\$ 0	\$ 0
Employer's covered payroll	\$ 740,316	\$ 793,296
Contributions as a percentage of covered payroll	4.76%	4.76%

* The amounts presented for each fiscal year were determined as of June 30. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end. Contractually required contributions do not include the expected implicit subsidy used in calculating the net OPEB liability.

The accompanying notes are an integral part of the financial statements.

<u>2019</u>	<u>2018</u>
\$ 39,227	\$ 39,507
<u>39,227</u>	<u>39,507</u>
<u>\$ 0</u>	<u>\$ 0</u>
\$ 745,764	\$ 840,584
5.26%	4.70%

ADDITIONAL REPORTS

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Marshall County Public Library
Benton, Kentucky

I 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 of the Marshall County Public Library, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Marshall County Public Library's basic financial statements, and have issued my report thereon dated January 31, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Marshall 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshall County Public Library's internal control. Accordingly, I do not express an opinion on the effectiveness of the Marshall County Public Library's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshall County Public Library's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my 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 my 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.



Benton, Kentucky
January 31, 2022