

**MARSHALL COUNTY**  
**Public Library**

**Audit Report**

*June 30, 2022*

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# KIM HAM

CERTIFIED PUBLIC ACCOUNTANT

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TAXES ♦ BOOKKEEPING ♦ AUDITING ♦ PAYROLL ♦ CONSULTING

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American Institute  
of CPA's

♦  
MEMBER,  
Kentucky Society  
of CPA's

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, 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.

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, 2022, 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

#### ***Basis for Opinions***

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Marshall County Public Library and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the Marshall 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 auditor's report that includes my 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 judgment 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*, I:

- Exercise professional judgment 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 Marshall 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marshall County Public Library's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 pension and other postemployment benefits other than pensions (OPEB) information on pages 4 through 8 and on pages 32 through 36 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. 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 December 15, 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.

A handwritten signature in black ink that reads "Kim Glavin". The signature is written in a cursive style with a large initial "K".

Benton, Kentucky  
December 15, 2022

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
FISCAL YEAR JULY 1, 2021 THROUGH JUNE 30, 2022

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, 2021 - June 30, 2022. 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, 2021 THROUGH JUNE 30, 2022

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

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Assets and Deferred Outflows:</b>		
Cash	\$ 2,639,810	\$ 2,067,238
Receivables	48,656	49,890
Prepaid expenses	25,092	17,692
Land, property, equipment, collection	9,664,019	10,762,284
Deferred amounts related to pension – outflows	279,194	388,808
Deferred amounts related to other post-employment benefits – outflows	<u>305,950</u>	<u>316,676</u>
Total Assets and Deferred Outflows	<u>12,962,721</u>	<u>13,602,588</u>
<b>Liabilities and Deferred Inflows:</b>		
Accounts payable	49,628	51,652
Accrued expenses	178,365	189,541
Unearned grant revenue	0	1,000
Bonds payable	5,630,000	5,765,000
Bonds premium	28,993	30,108
Net pension liability	1,847,957	2,265,694
Net other post-employment benefits	554,750	713,108
Deferred amounts related to pension – inflows	386,427	157,599
Deferred amounts related to other post-employment benefits – inflows	<u>352,587</u>	<u>217,051</u>
Total Liabilities and Deferred Inflows	<u>9,028,707</u>	<u>9,390,753</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	4,005,026	4,967,176
Unrestricted	<u>(71,012)</u>	<u>(755,341)</u>
Total Net Position	<u>\$ 3,934,014</u>	<u>\$ 4,211,835</u>

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 FISCAL YEAR JULY 1, 2021 THROUGH JUNE 30, 2022

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

	<b>Fiscal Year Ended June 30, 2022</b>	<b>Fiscal Year Ended June 30, 2021</b>
Revenues:		
Program revenues:		
Charges for services	\$ 12,702	\$ 10,328
Grants and contributions	32,028	28,628
General revenues:		
Taxes	2,463,618	2,422,744
Other	2,577	9,445
Interest	<u>6,538</u>	<u>5,070</u>
Total Revenues	<u>2,517,463</u>	<u>2,476,215</u>
Expenses:		
General government - education	2,361,639	2,665,136
Loss on disposal of fixed assets	<u>433,645</u>	<u>0</u>
Total Expenses	<u>2,795,284</u>	<u>2,665,136</u>
Change in Net Position	(277,821)	(188,921)
Beginning Net Position	<u>4,211,835</u>	<u>4,400,756</u>
Ending Net Position	<u>\$ 3,934,014</u>	<u>\$ 4,211,835</u>

**Governmental Activities**

The Library's governmental revenues totaled \$2,517,463 with the greatest revenue source being property taxes, which make up 97.9 percent of total governmental revenue. Property tax revenue had a 1.7 percent increase from the prior year. State and local grants and contributions represent 1.3 percent of total revenue, and charges for services represents .5 percent of total revenue, a 23.0 percent increase from the prior year. Interest income had an increase of 29.0 percent from the prior year and makes up .3 percent of total revenue.

The Library incurred expenses of \$2,795,284 during the year, a 4.9 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 42.5 percent of total governmental expenses.



MARSHALL COUNTY PUBLIC LIBRARY DISTRICT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 FISCAL YEAR JULY 1, 2021 THROUGH JUNE 30, 2022

**Capital Assets**

At June 30, 2022, the Library had \$9,664,019 invested in capital assets, including land, buildings, motor vehicles, furniture, equipment, and collection, a 10.2 percent decrease from the prior year, due to the sale of the old building.

Capital Assets at Year End:

Land	\$	678,143
Buildings and improvements		9,542,700
Bookmobile		65,676
Furniture and equipment		1,688,100
Print and non-print collection		<u>435,448</u>
 Total		 12,410,067
 Less: Accumulated depreciation		 <u>2,746,048</u>
Capital Assets, net	\$	<u><u>9,664,019</u></u>

**Budgetary Highlights:**

- In September 2021, MCPL's Board of Trustees finalized the sale of properties at 1003 Birch Street and a small lot located on Birch Street, which gave a \$321,890.00 increase in revenue for the fiscal year.
- The library received an LSTA grant to lend hotspot and laptop kits, and a second LSTA grant to assist with continuing education for staff members.
- The library received funding from the Emergency Connectivity Fund to provide a hotspot lending program.
- The library received the Paula Nye Memorial Bicyclist and Pedestrian Grant which provided funding to add materials to the circulating collection and begin a bicycle program at the library.
- In-person programming resumed for the first time since 2020 in March of 2022. Prior to March, programming funds were used for take-home kits.
- Due to continued Covid-19 concerns, the Bookmobile was on the road very little in the last fiscal year, causing less expenditures in that line.
- MCPL became a fine-free institution in January 2022. This designation will affect the Other Income line as the library will no longer be collecting late fees from patrons.
- MCPL contracted with a new mowing and groundskeeping provider in April 2022, causing a rise in Building Maintenance expenses.

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
FISCAL YEAR JULY 1, 2021 THROUGH JUNE 30, 2022

**Economic Environment and Next Year's Budgets and Rates**

The cost of utilities, shipping, gas, and supplies has been on the rise for many months. This rise in costs may significantly impact the library's expenses in the coming fiscal year.

The MCPL Board of Trustees has approved three capital projects for the upcoming fiscal year – an update to the meeting room at the Calvert City branch, including new lighting and flooring; work done to provide better drainage on the Hardin property; and the construction of an outdoor classroom at the corner of 11<sup>th</sup> and Birch in Benton.

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 had remained at the same rate from 2020-2021 to 2021-2022, but the expected 12% annual increase has gone into effect for the 2022-2023 year and are expected to continue to increase at that rate for the next nine years.

Tax rates for the 2022-2023 fiscal year will be 9.2 for Real Property and 10.74 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**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	Governmental Activities
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 2,639,810
Receivables:	
Taxes	19,360
Other	29,296
Prepaid expenses	25,092
<b>Total Current Assets</b>	<b>2,713,558</b>
<b>Noncurrent Assets:</b>	
Capital assets	12,410,067
Less: Accumulated depreciation	(2,746,048)
<b>Total Noncurrent Assets</b>	<b>9,664,019</b>
<b>TOTAL ASSETS</b>	<b>\$ 12,377,577</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to pensions	\$ 279,194
Deferred outflows related to other postemployment benefits	305,950
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 585,144</b>
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Accounts payable	\$ 49,628
Accrued compensated absences	139,423
Payroll liabilities	38,942
Current portion of outstanding bonds	140,000
<b>Total Current Liabilities</b>	<b>367,993</b>
<b>Noncurrent Liabilities:</b>	
Net pension liability	1,847,957
Net other postemployment benefits liability	554,750
Outstanding bonds, less current portion	5,490,000
Bonds premium	28,993
<b>Total Noncurrent Liabilities</b>	<b>7,921,700</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 8,289,693</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows related to pensions	\$ 386,427
Deferred inflows related to other postemployment benefits	352,587
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 739,014</b>
<b>NET POSITION:</b>	
Net investment in capital assets	\$ 4,005,026
Unrestricted	(71,012)
<b>TOTAL NET POSITION</b>	<b>\$ 3,934,014</b>

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

**MARSHALL COUNTY PUBLIC LIBRARY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

	Expenses	Program Revenues		Governmental Activities	Net Expense (Revenue) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities:</b>					
Education	\$ 2,361,639	\$ 12,702	\$ 16,602	\$ 15,426	\$ (2,316,909)
Loss on disposal of fixed assets	433,645	0	0	0	(433,645)
<b>Total governmental activities</b>	<u>2,795,284</u>	<u>12,702</u>	<u>16,602</u>	<u>15,426</u>	<u>(2,750,554)</u>
<b>Total primary government</b>	<u>\$ 2,795,284</u>	<u>\$ 12,702</u>	<u>\$ 16,602</u>	<u>\$ 15,426</u>	<u>(2,750,554)</u>
<b>General Revenues:</b>					
Taxes					2,463,618
Investment earnings					6,538
Miscellaneous					<u>2,577</u>
<b>Total general revenues</b>					<u>2,472,733</u>
<b>Change in net position</b>					(277,821)
Net Position at July 1, 2021					<u>4,211,835</u>
Net Position at June 30, 2022					<u>\$ 3,934,014</u>

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

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

	General Fund
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,639,810
Prepaid expenses	25,092
Receivables:	
Taxes	19,360
Other	29,296
<b>TOTAL ASSETS</b>	<b>\$ 2,713,558</b>
 <b>LIABILITIES AND FUND BALANCES:</b>	
<b>LIABILITIES:</b>	
Accounts payable	\$ 49,628
Payroll liabilities	38,942
<b>TOTAL LIABILITIES</b>	<b>88,570</b>
 <b>FUND BALANCES:</b>	
Unassigned	2,624,988
<b>TOTAL FUND BALANCES</b>	<b>2,624,988</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,713,558</b>

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, 2022

Total fund balance per fund financial statements	\$	2,624,988
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		9,664,019
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		(107,233)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds		(46,637)
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		(8,061,700)
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		(139,423)
		(139,423)
Net position of governmental activities	\$	3,934,014

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, 2022**

	<u>General Fund</u>
<b>REVENUES:</b>	
Property taxes	\$ 2,463,618
State aid and other grants	30,709
Desk receipts	12,702
Interest	6,538
Donations	1,318
Other	2,577
TOTAL REVENUES	<u>2,517,462</u>
<b>EXPENDITURES:</b>	
Current:	
Advertising	23,335
Bookmobile	1,144
Building and grounds maintenance	104,465
Electronic expense	69,544
Employee benefits	121,439
Collection-database & other	74,023
Continuing education	17,330
Dues, memberships and licenses	5,405
Insurance	51,360
Miscellaneous	3,265
Office and program supplies	53,776
Payroll taxes	69,257
Professional fees	8,616
Retirement plan	203,711
Salaries	901,834
Utilities and telephone	75,012
Capital Outlay:	
Building, equipment, expansion, upgrade	36,714
Print and non-print collection	100,063
Debt Service:	
Principal	135,000
Interest and other charges	199,600
TOTAL EXPENDITURES	<u>2,254,893</u>
Excess (deficit) of revenues over expenditures before other financing sources (uses)	<u>262,569</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Proceeds from sale of surplus property	<u>313,864</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>313,864</u>
Net change in fund balance	576,433
Fund Balance, July 1, 2021	<u>2,048,555</u>
FUND BALANCE, JUNE 30, 2022	<u>\$ 2,624,988</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, 2022**

Net change in total governmental fund balances per fund financial statements	\$ 576,433
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	(350,756)
Adjusted basis on assets disposed during the year are not reported in governmental funds	(747,509)
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.	135,000
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:	
Decrease in pension expense	79,295
Decrease in OPEB expense	12,096
Bond premium amortization	1,115
Increase in compensated absences	16,505
	16,505
Change in net position of governmental activities	\$ (277,821)

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



MARSHALL COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**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, 2022.

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, 2022

**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, 2022

**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 of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS 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's 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 of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS 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, 2022 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, 2022

**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, 2022

**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, 2022

**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, 2022, 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 2022 fiscal year was \$.093 per \$100 of assessed valuation for real estate and \$.1077 for tangible personal property.

**NOTE 4 - INSURANCE**

For the fiscal year ended June 30, 2022, 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, 2022

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, 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	\$ 161,113	\$ 678,143
Capital Assets Being Depreciated:				
Building and Improvements	10,905,579	9,609	1,372,488	9,542,700
Furniture and Equipment	1,763,260	27,105	36,589	1,753,776
Print, Non-print Collection	436,147	100,063	100,762	435,448
Total Capital Assets Being Depreciated	<u>13,104,986</u>	<u>136,777</u>	<u>1,509,839</u>	<u>11,731,924</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	1,868,988	245,001	786,546	1,327,443
Furniture and Equipment	1,088,140	149,536	36,135	1,201,541
Print, Non-print Collection	224,830	92,996	100,762	217,064
Total Accumulated Depreciation	<u>3,181,958</u>	<u>487,533</u>	<u>923,443</u>	<u>2,746,048</u>
Total Capital Assets Net of Depreciation	<u>\$ 10,762,284</u>	<u>\$ (350,756)</u>	<u>\$ 747,509</u>	<u>\$ 9,664,019</u>

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

Governmental Activities:	
General Government	\$ 487,533

**NOTE 6 - RETIREMENT PLAN**

**County Employees Retirement System (CERS) 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), a cost sharing, multiple-employer, defined benefit pension plan pursuant to KRS 78.530 and is administered by Kentucky Public Pensions Authority (KPPA). The purpose of CERS is to provide retirement benefits to all regular full-time members employed in positions of each county, city, school board, and any additional eligible local agencies electing to participate. CERS provides retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. KRS 61.691 only allows the Cost of Living Adjustments (COLAs) to be awarded on a biennial basis if the State Legislature so authorizes and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA. The COLAs are limited to 1.50%. No COLA has been granted since July 1, 2011.

MARSHALL COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**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), a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan and was established by KRS 61.701 for the purpose of providing hospital and medical insurance benefits for eligible members receiving benefits from CERS. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The amount of benefit paid by the Insurance Fund is based on 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 KPPA.

KPPA issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained on the KPPA website at [www.kyret.ky.gov](http://www.kyret.ky.gov) or by writing the plan at:

Kentucky Public Pensions Authority  
Perimeter Park West  
1260 Louisville Road  
Frankfort, KY 40601-6124

*Contributions:*

The employee contribution rate is set by state statute. 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 6.00% of their annual creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits in the Insurance Fund. 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 rates are set by the CERS Board under KRS 78.635 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. For non-hazardous plan members, the employer contribution rate was 26.95% for the year ended June 30, 2022. 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, 21.17% is the rate for the pension fund and 5.78% is the rate for the insurance fund. The pension contributions for the fiscal year ended June 30, 2022 were \$160,021. The insurance contributions for the fiscal year ended June 30, 2022 were \$43,690.



MARSHALL COUNTY PUBLIC LIBRARY  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 JUNE 30, 2022

**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, 2022, the Library reported a liability of \$1,847,957 for its proportionate share of the net pension liability. The total pension liability was rolled-forward from the actuarial valuation date of June 30, 2020 to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. The Library's proportion of the net pension liability was based on a projection of the Library's share of contributions to the pension plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2021, the Library's proportion was .028984%.

As a result of its requirement to contribute to the CERS pension fund, the Library recognized pension expense of \$80,727 for the year ended June 30, 2022. At June 30, 2022, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Liability experience	\$ 21,220	\$ 17,936
Assumption changes	24,802	0
Investment experience	71,688	317,990
Change in proportion and differences between employer contributions and proportionate share of plan contributions	1,463	50,501
Library contributions subsequent to the measurement date	160,021	0
<b>Total</b>	<b>\$ 279,194</b>	<b>\$ 386,427</b>

Deferred outflows of resources in the amount of \$160,021 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, 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:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$(64,586)
2024	(69,397)
2025	(56,143)
2026	(77,128)

MARSHALL COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**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, 2022, is based on the June 30, 2020 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2021 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 average expected remaining service life of active and inactive members of the plan (3.07 years for non-hazardous plans).

*Actuarial assumptions:*

The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018. There have been no changes in actuarial assumptions since June 30, 2020 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report).

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. There were no other material benefit provision changes since the prior valuation.

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, the mortality table used is the 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 retired 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.

The long-term expected rate of return 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 table on the following page:

MARSHALL COUNTY PUBLIC LIBRARY  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 JUNE 30, 2022

**NOTE 6 - RETIREMENT PLAN (Continued)**

**County Employees Retirement System Pension and Insurance Funds (Continued)**

*Actuarial assumptions (Continued):*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Growth - US Equity	21.75%	5.70%
Growth - Non-US Equity	21.75%	6.35%
Growth - Private Equity	10.00%	9.70%
Growth - Specialty Credit/High Yield	15.00%	2.80%
Liquidity - Core Bonds	10.00%	0.00%
Liquidity - Cash	1.50%	-0.60%
Diversifying Strategies - Real Estate	10.00%	5.40%
Diversifying Strategies - Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	

*Discount rate:*

The discount rate used to measure the total pension liability was 6.25%. The rate was based on the expected rate of return on pension investments for the plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the plan. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 Legislative Session. The assumed future employer contributions for CERS reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

*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.

MARSHALL COUNTY PUBLIC LIBRARY  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 JUNE 30, 2022

**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 (Continued):*

	1% Decrease (5.25%)	Current Discount (6.25%)	1% Increase (7.25%)
Library's proportionate share of the net pension liability	\$ 2,370,093	\$1,847,957	\$1,415,902

*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:*

At June 30, 2022, the financial statements include \$20,880 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, 2022, the Library reported a liability of \$554,750 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, 2020 to the plan's fiscal year ended June 30, 2021, 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, 2021, the Library's proportion was .028977% for non-hazardous employees.

The fully insured premiums KPPA 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 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, 2022

**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 OPEB expense of \$47,996 for the year ended June 30, 2022. At June 30, 2022, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Liability experience	\$ 87,235	\$ 165,630
Assumption changes	147,075	516
Investment experience	27,950	114,733
Change in proportion and differences between employer contributions and proportionate share of plan contributions	0	71,708
Library contributions subsequent to the measurement date	43,690	0
<b>Total</b>	<b>\$ 305,950</b>	<b>\$ 352,587</b>

Deferred outflows of resources in the amount of \$43,690 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, 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:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$ (9,768)
2024	(22,902)
2025	(19,137)
2026	(38,520)
2027	0

The net OPEB liability as of June 30, 2022 is based on the June 30, 2020 actuarial valuation rolled-forward to the plan's fiscal year end of June 30, 2021 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 average of the expected remaining service lives of all active and inactive members of the plan (4.92 years for non-hazardous plans).

MARSHALL COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**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, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018. The single discount rate used to calculate the total OPEB liability within the plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes. The 2021 valuation utilized the assumptions listed below (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report):

Inflation – 2.30%

Salary increases – 3.30% to 10.30%, varies by service

Investment rate of return – 6.25% net of OPEB plan investment expense, including inflation

Payroll growth rate – 2.00%

Healthcare trend rates - Initial trend starting at 6.25% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years (Pre-65). Initial trend rate starting at 5.50% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years (Post-65)

Single discount rate - Prior measurement date: 5.34% for non-hazardous; Measurement date: 5.20% for non-hazardous

Municipal bond rate - Prior measurement date of 2.45%; Measurement date of 1.92%

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. There were no other material plan provision changes.

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, the mortality table used is the 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.

MARSHALL COUNTY PUBLIC LIBRARY  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 JUNE 30, 2022

**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 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 following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Growth - US Equity	21.75%	5.70%
Growth - Non-US Equity	21.75%	6.35%
Growth - Private Equity	10.00%	9.70%
Growth - Specialty Credit/High Yield	15.00%	2.80%
Liquidity - Core Bonds	10.00%	0.00%
Liquidity - Cash Equivalent	1.50%	-0.60%
Diversifying Strategies - Real Estate	10.00%	5.40%
Diversifying Strategies - Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	

*Discount rate:*

The discount rate used to measure the total OPEB liability was 5.20% for non-hazardous. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently reviewed by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. The single discount is based on the expected rate of return on OPEB plan investments 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. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

MARSHALL COUNTY PUBLIC LIBRARY  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 JUNE 30, 2022

**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 5.20%, 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.

	<u>1% Decrease (4.20%)</u>	<u>Current Discount (5.20%)</u>	<u>1% Increase (6.20%)</u>
Library's proportionate share of the net OPEB liability	\$ 761,668	\$ 554,750	\$ 384,940

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	\$ 399,354	\$ 554,750	\$742,316

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

*Payables to the OPEB plan:*

At June 30, 2022, the financial statements include \$20,880 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 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, 2022 the amortized bond premium was \$28,993. Future bond maturities are as follows:



MARSHALL COUNTY PUBLIC LIBRARY  
**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**  
 JUNE 30, 2022

**NOTE 7 - LONG-TERM DEBT (Continued)**

Fiscal Year Ended June 30	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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	178,000	155,000	333,000
2028-2032	817,250	850,000	1,667,250
2033-2037	651,650	1,020,000	1,671,650
2038-2042	440,006	1,235,000	1,675,006
2043-2047	213,331	1,460,000	1,673,331
2048	<u>11,375</u>	<u>325,000</u>	<u>336,375</u>
	<u>\$ 3,068,012</u>	<u>\$ 5,630,000</u>	<u>\$ 8,698,012</u>

*Changes in Long-Term Debt*

Changes in long-term debt for the year ended June 30, 2022 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	\$ 5,765,000	\$ 0	\$ 135,000	\$ 5,630,000	\$ 140,000
Total Long-Term Debt	<u>\$ 5,765,000</u>	<u>\$ 0</u>	<u>\$ 135,000</u>	<u>\$ 5,630,000</u>	<u>\$ 140,000</u>

**NOTE 8 - SUBSEQUENT EVENTS**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 15, 2022, the date financial statements were available to be issued.

**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, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 2,340,775	\$ 2,413,275	\$ 2,463,618	\$ 50,343
State aid and other grants	0	38,000	30,709	(7,291)
Interest	6,000	6,000	6,538	538
Other	15,000	15,000	16,597	1,597
<b>TOTAL REVENUES</b>	<u>2,361,775</u>	<u>2,472,275</u>	<u>2,517,462</u>	<u>45,187</u>
<b>EXPENDITURES:</b>				
Current:				
Advertising	14,000	25,500	23,335	2,165
Bookmobile	5,000	2,000	1,144	856
Building and grounds maintenance	80,500	117,500	104,465	13,035
Electronic expense	65,000	75,000	69,544	5,456
Employee benefits	150,000	140,000	121,439	18,561
Collection-database & other	93,150	93,150	74,023	19,127
Continuing education	12,000	24,000	17,330	6,670
Dues, memberships and licenses	6,000	6,000	5,405	595
Insurance	60,000	51,500	51,360	140
Miscellaneous	4,125	4,125	3,265	860
Office and program supplies	46,100	63,000	53,776	9,224
Payroll taxes	75,000	73,000	69,257	3,743
Professional fees	14,050	14,100	8,616	5,484
Retirement plan	215,000	210,000	203,711	6,289
Salaries	975,000	920,000	901,834	18,166
Utilities and telephone	87,000	81,500	75,012	6,488
Capital Outlay	119,250	156,100	136,777	19,323
Debt service	334,600	334,600	334,600	0
Reserve	6,000	391,200	0	391,200
<b>TOTAL EXPENDITURES</b>	<u>2,361,775</u>	<u>2,782,275</u>	<u>2,254,893</u>	<u>527,382</u>
Excess (deficit) of revenues over expenditures before other financing sources (uses)	<u>0</u>	<u>(310,000)</u>	<u>262,569</u>	<u>572,569</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of surplus	0	310,000	313,864	3,864
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>310,000</u>	<u>313,864</u>	<u>3,864</u>
Net change in fund balance	0	0	576,433	576,433
Fund Balance, July 1, 2021	1,742,600	2,048,555	2,048,555	0
<b>FUND BALANCE, JUNE 30, 2022</b>	<u><u>\$ 1,742,600</u></u>	<u><u>\$ 2,048,555</u></u>	<u><u>\$ 2,624,988</u></u>	<u><u>\$ 576,433</u></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 EIGHT FISCAL YEARS\***

	<u>2022</u>	<u>2021</u>
Employer's proportion of the net pension liability	0.028984%	0.029540%
Employer's proportionate share of the net pension liability (asset)	\$ 1,847,957	\$ 2,265,694
Employer's covered payroll	\$ 755,886	\$ 740,316
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	244.48%	306.04%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%

\* 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, 2022 is based on the June 30, 2020 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2021 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, 2020
Experience study:	July 1, 2013 - June 30, 2018
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of pay
Remaining amortization period:	28 years, closed
Asset valuation method:	20% of the difference between the market value of assets and the expected market value of assets is recognized each year
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 non-disabled retired members: 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 retired 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.

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.029565%	0.034070%	0.036690%	0.038310%	0.035240%	0.034150%
\$ 2,079,320	\$ 2,074,723	\$ 2,147,344	\$ 1,886,168	\$ 1,514,964	\$ 1,108,000
\$ 793,296	\$ 745,764	\$ 840,584	\$ 897,093	\$ 911,660	\$ 822,254
262.11%	278.20%	255.46%	210.25%	166.18%	134.75%
50.45%	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 of benefit terms: Senate Bill 169 passed during the 2021 Legislative Session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. There were no other material plan provision changes.

Changes of assumptions: There have been no assumption changes since June 30, 2020.

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

	<b>2022</b>	<b>2021</b>
Contractually required contribution	\$ 160,021	\$ 142,881
Contributions in relation to the contractually required contribution	160,021	142,881
Contribution deficiency (excess)	\$ 0	\$ 0
Employer's covered payroll	\$ 755,886	\$ 740,316
Contributions as a percentage of covered payroll	21.17%	19.30%

\* 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.

<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
\$ 153,106	\$ 120,963	\$ 121,717	\$ 167,577	\$ 155,536	\$ 145,028
<u>153,106</u>	<u>120,963</u>	<u>121,717</u>	<u>167,577</u>	<u>155,536</u>	<u>145,028</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 793,296	\$ 745,764	\$ 840,584	\$ 897,093	\$ 911,660	\$ 822,254
19.30%	16.22%	14.48%	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 FIVE FISCAL YEARS\***

	<u>2022</u>	<u>2021</u>
Employer's proportion of the net OPEB liability (asset)	0.028977%	0.029532%
Employer's proportionate share of the net OPEB liability (asset)	\$ 554,750	\$ 713,108
Employer's covered payroll	\$ 755,886	\$ 740,316
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	73.39%	96.32%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%

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, 2022 is based on the June 30, 2020 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2021 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, 2020
Experience study:	July 1, 2013 - June 30, 2018
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of pay
Remaining amortization period:	28 years, closed
Asset valuation method:	20% of the difference between the market value of assets and the expected market 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 non-disabled retired members: 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 retired 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>2020</u>	<u>2019</u>	<u>2018</u>
0.029558%	0.034070%	0.036690%
\$ 497,152	\$ 604,906	\$ 737,514
\$ 793,296	\$ 745,764	\$ 840,584
62.67%	81.11%	87.74%
60.44%	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 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years (Pre-65).  
Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years (Post-65).

Changes of benefit terms: Sentate Bill 169 passed during the 2021 Legislative Session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. There were no other material plan provision changes.

Changes of assumptions: The single discount rate changed from 5.34% to 5.20%.  
The municipal bond rate decreased from 2.45% to 1.92%.  
The assumed increase in future health care costs, or trend assumptions, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases.

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

	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 43,690	\$ 35,239
Contributions in relation to the contractually required contribution	<u>43,690</u>	<u>35,239</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Employer's covered payroll	\$ 755,886	\$ 740,316
Contributions as a percentage of covered payroll	5.78%	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>2020</u>	<u>2019</u>	<u>2018</u>
\$ 37,761	\$ 39,227	\$ 39,507
<u>37,761</u>	<u>39,227</u>	<u>39,507</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 793,296	\$ 745,764	\$ 840,584
4.76%	5.26%	4.70%

## **ADDITIONAL    REPORTS**

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# KIM HAM

## CERTIFIED PUBLIC ACCOUNTANT

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TAXES ♦ BOOKKEEPING ♦ AUDITING ♦ PAYROLL ♦ CONSULTING

MEMBER,  
American Institute  
of CPA's

♦  
MEMBER,  
Kentucky Society  
of CPA's

### 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, 2022, 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 December 15, 2022.

#### Report on 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 or significant deficiencies may exist that were not identified.

#### Report on 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 financial statements. 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  
December 15, 2022