CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2020

WITH

Independent Auditors' Report

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2020

WITH

Independent Auditors' Report

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BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700
1-877-585-6454
Fax 859-578-3542
info@bramelackley.com

www.bramelackley.com
1885 Dixie Highway,
Suite 310
Ft. Wright, Kentucky 41011

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Campbell County Public Library District Board of Trustees, Inc.
Cold Spring, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Campbell County Public Library District Board of Trustees, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Campbell County Public Library District

Board of Trustees, Inc. as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules for pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Administrative Expense Detail is presented on page 42 for purposes of additional analysis and is not a required part of the basic financial statements. The Administrative Expense Detail has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of Campbell County Public Library District Board of Trustees, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Campbell County Public Library District Board of Trustees, Inc.'s internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

January 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2020

A. Overview of Campbell County Economy

The District's financial health is dependent on the overall economic health of the county. The county has been very fortunate in its growth through the years. This growth allows the District's tax rate to be fairly static while drawing the additional revenue necessary to sustain and expand its operations.

The Highway 27 corridor, the primary north-south roadway through the county, continues to develop. In Alexandria, there is currently a new mixed-use development called Alexandria Flats taking shape. This 50+ acre development will include multiple apartment complexes and business space. There are also several new businesses now operating such as Chipotle, Harbour Freight, and two new car washes near the Walmart shopping center.

Along this same corridor in Cold Spring, we are losing the national headquarters of the Disabled American Veterans. A use for the current facility has not been determined, but the headquarters itself will move to a smaller, new construction in Erlanger, Kentucky.

In Newport, activity has continued with the construction of parking structures for the Ovation project, a possible $1 billion impact on our area. Newport-on-the-Levee was sold to a new developer in the past year. This developer has a new vision for the spaces there which should be complete in 2021. The Levee is a major draw to Northern Kentucky in terms of tourism.

The local economy has felt the impact of the COVID-19 pandemic with closures of restaurants, daycares, and some businesses. The lasting impact remains to be seen.

Nevertheless, we are confident in the continued economic health of the county in the foreseeable future. Committed developer funds throughout Northern Kentucky exceeded expectations in the past year.

B. Overview of the Library's Finances

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

Government-wide financial statements. The government-wide financial statements are designed to report information about the overall finances of the District in a manner similar to a private sector business. They are designed to show a longer-term view of the District's finances.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

Budget Approval
The District is required by state statutes to create a balanced budget each fiscal year. The District's budget for FY2019-20 was approved by the Board of Trustees on May 15, 2019. The District's fiscal year began on July 1, 2019 and ended on June 30, 2020.

Budgeted Income
The District's budgeted income for FY2019-20 was $6,454,890. The bulk of this anticipated income generates from locally assessed taxes ($4,837,000, or 74.9%). Other components of the District's income included:

- Donations ($31,000, 0.5%);
- Grants and State Aid ($184,000, 2.9%);
- Other income ($1,357,890, 21%);
- Service charges ($45,000, 0.7%).

"Other income" includes the transfer of funds from the district's reserves. "Reserves" are calculated as the funds on hand before the first annual property tax payments are received by the District, usually in early December. The District budgeted to transfer $101,890 from its reserves in FY2019-20.

"Other income" for FY2019-20 also included a bond through the Kentucky Association of Counties for $1.2 million. The proceeds of this bond issue were used to pay off an existing loan from Fifth Third Branch and for construction projects at the Cold Spring, Fort Thomas, and Newport locations.

Tax Rates
On August 15, 2019, the Board of Trustees adopted the following tax rates:

- 7.5 cents per $100 for Real Estate;
- 7.5 cents per $100 for Personal Property (actually business inventory);
- 2.6 cents per $100 for motor vehicles and watercraft.

The Distrcit's tax rates remained the same in FY2019-20 while still producing an approximate 4% increase in revenue due to the increased valuation of property in the county.

Budgeted Expenditures
Budgeted expenditure for FY2019-20 was $6,454,890. Budgeted expenditures were broken down into:

- Capital Expenditures ($695,890, 10.8%);
- Collection Expenditures [books, audiovisuals and other circulating materials] ($720,000, 11.1%);
- Operating Expenditures ($1,659,800, 25.7%);
- Personnel Expenditures ($3,379,200, 52.4%).

Actual Income/Expenditures
Actual income for the District was $6,383,581. Note that "transferred reserves" contained in the approved budget are not reflected as actual income.

Actual expenditures were $6,374,501 or 1.3% below budgeted expectations. Delays in completing some construction projects (and subsequent delays in payment) account for the bulk of the difference between budgeted actual expenses.

District Indebtedness
The District began FY2019-20 with one outstanding loan but secured a $1.2 million bond in October 2019 to repay that loan and finance construction projects at its Cold Spring, Fort Thomas and Newport locations. The Fifth Third loan (originally negotiated in 2011) was paid in full in October 2019 through a disbursement from the bond issue in the amount of $582,911.

The District continues to receive a loan amortization grant for the construction of the facility in Newport in 2003. This grant was not impacted by the payoff of the Fifth Third indebtedness. The grant is provided through a state program that runs through the Kentucky Department for Libraries and Archives. The Distrcit will receive its last payment of $114,043 in January 2021 for the reduction of the original debt.

The new indebtedness from KACo has a term of seven years. The average annual payment is $188,172 with a true interest cost of 1.763%. The last payment will be made in January 2025.

Financial Analysis of the District as a Whole
The District's net position decreased between this fiscal year and the previous year by $641,931 or 12.86%. Approximately 72% of the District's assets are invested in capital assets. The vast majority (95%) of revenue supporting all governmental activities is general revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled $278,056 or 5% of total revenue. Table 1 shows the net position and Table 2 shows the change in net position for this fiscal year and the previous year.

Table 1
Net Position

	FY 2020	FY 2019
Current and other assets	$ 3,162,113	$ 2,983,083
Capital assets	7,973,869	7,577,901
Total Assets	11,135,982	10,560,984
Deferred Outflows of Resources	1,532,204	1,240,694
Total Assets and Deferred Outflows	12,668,186	11,801,678
Long-term liabilities	7,381,670	6,265,894
Other liabilities	307,556	126,325
Total Liabilities	7,689,226	6,392,219
Deferred Inflows of Resources	628,694	417,262
Total Liabilities and Deferred Inflows	8,317,920	6,809,481
Invested in capital assets, net of debt	6,913,056	6,998,193
Restricted	14,284	13,982
Unrestricted	(2,577,074)	(2,019,978)
Total Net Position	$ 4,350,266	$ 4,992,197

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2020

Table 2
Change in Net Position

REVENUES	FY 2020	FY2019
Program Revenues		
Charges for services	$ 29,166	$ 42,139
Operating grants and contributions	133,267	159,833
Capital grants and contributions	115,623	115,710
General Revenues		
Taxes – real estate, property, and motor vehicle	4,842,107	4,758,986
Investment earnings	44,951	67,552
Miscellaneous	18,468	18,423
Total Revenues	5,183,582	5,162,643
PROGRAM EXPENSES		
Personnel	3,883,386	3,679,441
Depreciation	870,007	851,600
Administrative	430,736	414,814
Maintenance and repair	152,369	157,157
Programming and PR expense	169,493	225,645
Interest	94,223	63,683
Periodicals and online databases	213,716	150,713
Small equipment purchases	11,583	7,832
Loss on disposal of capital assets	-	1,402
Total Expenses	5,825,513	5,552,287
DECREASE IN NET POSITION	$ (641,931)	$ (389,644)

C. Financial Outlook

The District maintains a "reserve" which would, if necessary, allow it to weather a small crisis or short delay in tax payments. (The carryover funds from one fiscal year to the next are not "reserves" as they must sustain District operations from July through December, when the first substantial property tax payment is received. The bulk of the District's entire budgeted income for each fiscal year is received between December and February. The "reserve" is based on funds that remain just before the December property tax payments are received by the district.) The District had liquid reserves of approximately $800,000 in December 2019. There was an additional reserve of $244,857 held in certificates of deposit with varying dates of maturity.

The Kentucky General Assembly, reacting to the COVID-19 pandemic, passed a one-year budget in 2020 which did not include state aid funding for public libraries. For our District, this loss in revenue was about $42,000. At the same time, again in reaction to the pandemic, interest rates were brought to near zero by the Federal Reserve. The loss in interest revenue was approximately $50,000. The FY2020-21 budget absorbs these changes, both of which may continue for some time.

The District will also receive its last loan amortization grant payment of $114,043 in January 2021. The FY2021-22 budget, barring unforeseen circumstances, should be able to absorb that loss for the remaining five years of the KACo bond issue.

The pandemic has, otherwise, had minimal impact on the District. Property tax revenue received in December 2020 was on target for the year. If the pandemic continues without intervention at the state and federal level, there could be foreclosures of both business and residences. This would certainly have a severe economic impact. The District, along with the rest of the country, hopes that federal leadership will help to avert long term economic disruption.

With those caveats, the District otherwise appears to be on solid financial footing.

D. The Current State of the District

The COVID-19 pandemic was an unexpected and unprecedented challenge for the District in FY2019-20. Responding to orders from the governor, the district closed its buildings on March 13, 2020. Except for online programming and purchase/circulation of e-materials, all district operations were halted. We were able to begin providing curbside delivery of circulating materials on May 18, 2020 and finally reopened our buildings on June 15, 2020. Staffing, nonetheless, has been reduced in accordance with the emergency orders of the governor. Service hours remain reduced from 70 hours per week to 40 hours per week. Some services are still not permitted such as daycare/nursing home visits.

Understandably, these necessary measures had a detrimental impact on circulation and programming attendance, two of our core missions. We pivoted funds from purchasing physical items to purchasing more e-materials in order to meet demand. Some programming did well in the virtual format in the early days of the pandemic, but, as time wore on, screen-fatigue definitely reduced demand. We've tried to remain nimble and creative with programming to find unique niches that we can fill.

Fortunately, due to the nature of its funding through property tax dollars, the District did not have to furlough or eliminate staff during this period. Staff who were unable to conduct their usual responsibilities were required and/or encouraged to attend training seminars online. The District provided the means for staff who could work from home to do so using laptops normally reserved for programming.

Both retention and morale remained quite high given the circumstances. The staff at the District are a valuable resource. Investing in them in this way will have long term benefits. Where positions did vacate through natural attrition and could remain unfilled, we did so.

Taking advantage of the closure of the building, the board approved a fast-tracking of the construction work planned at our Cold Spring, Fort Thomas and Newport locations. Cold Spring had the most extensive work done. Bids for the project were higher than expected so some elements were not possible. Still, the new driveway that wraps around the building and the improved entrance area have received great praise from patrons as they returned to the buildings.

A user survey of our response to the pandemic conducted in July returned overwhelmingly positive remarks.

Some things continued as normal. The Dolly Parton Imagination Library program, started in September 2019, has now grown to over 2,700 registered children. That program, previously under the wing of the District, is now its own 501(c)3 entity. We're very pleased with its success.

Our annual "Drop Your Drawers @ the library" campaign, which collects new underwear for the public schools in the county to distribute to at-risk families, was extremely successful once again with 10,612 donations. Due to the school closures in March because of the pandemic, the schools remain well stocked at this point. Instead of Drop Your Drawers, the library participated in First Lady Beshear's Coverings for Kids program in fall 2020. That program collects masks for use in school.

Overall, the District and its staff have fared the pandemic as well as one could reasonably expect. It's been a huge challenge and we, like everyone, will be glad when regular services, without restraint, can resume.

E. Requests for Information

The financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Director, Campbell County Public Library, 3920 Alexandria Pike, Cold Spring, KY 41076 or by calling 859-781-6166. The District follows the procedures outlined in KRS 61.870 in satisfying open record requests.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES INC.

STATEMENT OF NET POSITION

June 30, 2020

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 2,662,657
Certificates of deposits	261,554
Accounts receivable	47,396
Taxes receivable	38,916
Prepaid expenses	148,590
Security deposit	3,000
Capital assets, net of accumulated depreciation	7,973,869
Total assets	11,135,982
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pension and other postemployment benefits (OPEB)	1,532,204
Total assets and deferred outflow of resources	12,668,186
LIABILITIES	
Accounts payable	163,320
Salaries and benefits payable	123,617
Accrued interest payable	20,619
Long-term liabilities:	
Due within one year	145,000
Due in more than one year	935,002
Net pension liability	5,085,665
Net other postemployment benefits (OPEB) liability	1,216,003
Total liabilities	7,689,226
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pension and other postemployment benefits (OPEB)	563,500
Unamortized lease premium	65,194
Total deferred inflows of resources	628,694
Total liabilities and deferred inflow of resources	8,317,920
NET POSITION	
Invested in capital assets, net of related debt	6,913,056
Restricted for South Branch	14,284
Unrestricted	(2,577,074)
Total net position	$ 4,350,266

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Postion: Total Governmental Activities
Governmental Activities					
Personnel	$ 3,883,386	$ -	$ -	$ -	$ (3,883,386)
Depreciation	870,007	-	-	-	(870,007)
Administrative expenses	430,736	-	-	-	(430,736)
Maintenance and repair	152,369	-	-	-	(152,369)
Programming and PR expense	169,493	-	-	-	(169,493)
Interest expense	94,223	-	-	-	(94,223)
Books, periodicals and online databases	213,716	-	-	-	(213,716)
Small equipment purchases	11,583	-	-	-	(11,583)
Revenue	-	29,166	133,267	115,623	278,056
Total governmental activities	5,825,513	29,166	133,267	115,623	(5,547,457)
GENERAL REVENUES:					
Taxes:					
Taxes levied for general purpose					4,842,107
Investment earnings					44,951
Miscellaneous					18,468
Total general revenues					4,905,526
Change in net position					(641,931)
NET POSITION, BEGINNING					4,992,197
NET POSITION, ENDING					$ 4,350,266

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General	Capital Projects	Total Governmental Funds
- ASSETS -			
Cash and cash equivalents	$ 2,045,567	$ 617,090	$ 2,662,657
Certificates of deposit	-	261,554	261,554
Accounts receivable	47,396	-	47,396
Taxes receivable	38,916	-	38,916
Prepaid expenditures	148,590	-	148,590
Security deposit	3,000	-	3,000
Total assets	$ 2,283,469	$ 878,644	$ 3,162,113
- LIABILITIES AND FUND BALANCES -			
LIABILITIES:			
Accounts payable	$ 163,320	$ -	$ 163,320
Salaries and benefits payable	123,617	-	123,617
Total liabilities	286,937	-	286,937
FUND BALANCES:			
Nonspendable	148,590	-	148,590
Committed	-	878,644	878,644
Unassigned	1,847,942	-	1,847,942
Total fund balances	1,996,532	878,644	2,875,176
Total liabilities and fund balances	$ 2,283,469	$ 878,644	$ 3,162,113

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

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

June 30, 2020

Total Governmental Fund Balances		**$ 2,875,176**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Cost of capital assets	$ 15,322,680	
Accumulated depreciation	(7,348,811)	
		7,973,869
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Due within one year	145,000	
Due in more than one year	830,000	
Net pension liability	5,085,665	
Net OPEB liability	1,216,003	
		(7,276,668)
Deferred outflows and inflows of resources related to leases, pensions and OPEB are applicable to future periods and therefore are not reportable in the governmental funds		
Deferred outflow of resources	1,532,204	
Deferred inflow of resources	(628,694)	
		903,510
Accrued interest payable not due in the current year is recorded as long-term debt.		(20,619)
Accrued compensation not due in the current year is recorded as long-term debt.		(105,002)
Net Position of Governmental Activities		**$ 4,350,266**

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General	Capital Projects	Total Governmental Funds
REVENUES:			
Property taxes	$ 4,842,107	$ -	$ 4,842,107
Library fines and fees	29,166	-	29,166
Donations	39,306	100	39,406
Grants	209,483	-	209,483
Investment earnings	44,951	-	44,951
Miscellaneous income	18,468	-	18,468
Total revenues	5,183,481	100	5,183,581
EXPENDITURES:			
Salaries and benefits	2,868,730	-	2,868,730
Debt Service	242,748	-	242,748
Books and library materials	618,045	-	618,045
Retirement	448,783	-	448,783
Programming and PR expense	169,493	-	169,493
Utilities	145,459	-	145,459
Maintenance and repairs	99,121	-	99,121
Contracted computer services	77,852	-	77,852
Insurance	54,048	-	54,048
Imagination library expense	40,576	-	40,576
Legal and professional services	32,200	-	32,200
Staff development and training	30,253		30,253
Telephone	29,410	-	29,410
Office supplies	18,020	-	18,020
Travel	17,452	-	17,452
Miscellaneous	12,782	-	12,782
Postage	12,249	-	12,249
Association dues	6,361	-	6,361
Board activities	5,855	-	5,855
Delivery van	2,266	-	2,266
Capital outlay	-	872,428	872,428
Total expenditures	4,931,703	872,428	5,804,131
Excess revenues (expenditures)	251,778	(872,328)	(620,550)
OTHER FINANCING SOURCES (USES):			
Proceeds from refinancing agreement	1,125,000	-	1,125,000
Premium on refinancing agreement	75,000	-	75,000
Payment on long-term debt refinanced	(570,370)	-	(570,370)
Transfers in	-	1,495,306	1,495,306
Transfers out	(1,495,306)	-	(1,495,306)
Net other financing sources (uses)	(865,676)	1,495,306	629,630
Net change in fund balances	(613,898)	622,978	9,080
FUND BALANCES, BEGINNING	2,610,430	255,666	2,866,096
FUND BALANCES, ENDING	$ 1,996,532	$ 878,644	$ 2,875,176

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

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

Year Ended June 30, 2020

Net Change in Fund Balances -Total Governmental Funds		**$ 9,080**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated lives as annual depreciation expenses in the Statements of Activities. This is the amount by which depreciation in the period exceeds capital outlays.		
Capital outlay for capital assets	$ 1,265,975	
Depreciation expense	(870,007)	
		395,968
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employers contributions is reported as pension expense. This is the amount by which cost of benefits earned exceeded employer contributions.		
Employer contributions	359,996	
Cost of benefits earned	(885,703)	
		(525,707)
Govermental funds report employer OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net employer contributions is reported as OPEB expense. This is the amount by which cost of benefits earned exceeded employer contributions.		
Employer contributions	88,787	
Cost of benefits earned	(104,460)	
		(15,673)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principle portion of current year debt service	150,000	
Payment on long-term debt refinanced	570,370	
		720,370
Proceeds from lease refinancing is an other financing source of governmental funds, but increases long-term liabilities in the Statement of Net Position.		(1,200,000)
Unamortized lease premium is reported for governmental activities as a deferred inflow and amortized over the life of the lease as a component of interest expense, but is not reported in the governmental funds. This is amount of the amortized lease premium.		9,806
Net difference in accrual for interest payable on long-term debt		(11,282)
Net difference in accrual for accrued compensation (long term)		(24,493)
Change in Net Position of Governmental Activities		**$ (641,931)**

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Campbell County Public Library District Board of Trustees, Inc. (the District) was organized under Kentucky Revised Statute 173.710 to offer library services and related programs and to promote literacy within the Campbell County, Kentucky area. The District provides services through four branches and is a political subdivision of the Commonwealth of Kentucky with the power to levy taxes. It is also a 501(c) (3) organization under the Internal Revenue Code.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basis of Presentation and Basis of Accounting

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

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

District-Wide financial statements measure and report all assets (both financial and capital), liabilities, revenues and expenses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

Capital Projects Fund – This fund accounts for the financial resources and expenditures for capital projects.

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

Fund Balances

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

Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

Committed – includes amounts that can be used for specific purposes pursuant to constraints imposed by the Board of Trustees.

Assigned – includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – includes amounts that are available for any purpose and has not been restricted, committed or assigned to specific purposes.

Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

All capital assets are stated at historical costs or estimated cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated.

When capital assets are purchased, they are capitalized and depreciated in the District-Wide statements. The District capitalizes all assets with a cost of $750 or greater and a useful life of at least three years. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Collection	4-6 years
Furniture, Fixtures and Equipment	4-15 years
Buildings	39 years
Building improvements	7-15 years

Pensions

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

Other Postemployment Benefits Plan (OPEB)

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

Deferred Outflows of Resources

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the difference between projected and actual earnings on plan investments will be recognized over a closed five-year period beginning in the current reporting period. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources – The District's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources reported in this year's financial statements relate to the District's pension plan and OPEB plan and include (1) changes in the proportionate share of the District's contributions to the pension fund and OPEB fund (2) difference between projected and actual earnings on plan investments (3) differences between expected and actual experience and (4) changes in assumptions. The deferred amount related to the changes in the proportionate share of the District's contributions to the pension fund and OPEB fund and the amount related to the differences between expected and actual experience will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Use of Restricted Resources

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

Interfund Transactions and Transfers

During the course of normal operations, the District has various transactions among its funds, most of which are in the form of transfers used to move unrestricted revenues collected in the general fund to finance various projects accounted for in the capital projects fund in accordance with budgetary authorizations. The accompanying financial statements generally reflect such transactions as transfers. These transfers are eliminated in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - BUDGETS

Each fiscal year a budget of estimated revenues and expenditures is prepared. The District prepares its budgets using the cash basis of accounting. The annual budget is submitted to State authorities, included as a part of the District's monthly financial reports, and revised as necessary. A comparison of budget and actual revenues collected and expenditures/expenses paid for the year ended June 30, 2020 is presented as supplementary information to the financial statements.

NOTE 3 – COMPENSATED ABSENCES

Employees are granted vacation benefits and receive sick leave benefits up to specified maximums. Generally, employees are entitled to their unused vacation leave upon termination of employment. The estimated current portion of the liability for the vested benefits has been recorded as an expenditure and accrued expense in the general fund. The long-term portion of the liability is recorded as long-term debt.

NOTE 4 – CONCENTRATION OF CREDIT RISK

The District's deposits at June 30, 2020, consist of cash and cash equivalents, and certificates of deposit. The District's deposits were partially secured by Federal Depository Insurance. Deposits in excess of the Federal Depository Insurance limit are to be collateralized with securities held by the bank, its trust department or by its agent, but not in the District's name. The carrying amount of the District's deposits with financial institutions at June 30, 2020 was $2,546,327 and the bank balance was $2,307,120. The bank balances were covered with specific pledged collateral.

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

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2019	Additions	Adjustments Increases/ (Decreases)	Balance June 30, 2020
Capital assets not being depreciated:				
Land	$ 1,970,244	$ -	$ -	$ 1,970,244
Construction in progress	216,537	746,044	-	962,581
Subtotal	2,186,781	746,044	-	2,932,825
Capital assets being depreciated:				
Buildings	5,629,955	-	-	5,629,955
Building and land improvements	1,599,323	52,325	-	1,651,648
Furniture, fixtures and equipment	1,713,954	63,276	(3,348)	1,773,882
Library Collections:				
Books, audio and visual materials	3,311,034	404,330	(380,994)	3,334,370
Subtotal	12,254,266	519,931	(384,342)	12,389,855
Total cost	14,441,047	1,265,975	(384,342)	15,322,680

NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2019	Additions	Adjustments Increases/ (Decreases)	Balance June 30, 2020
Accumulated depreciation:				
Buildings	(2,814,354)	(144,358)	-	(2,958,712)
Building and land improvements	(740,793)	(98,197)	-	(838,990)
Furniture, fixtures and equipment	(1,351,737)	(104,498)	3,348	(1,452,887)
Library Collections:				
Books, audio and visual materials	(1,956,262)	(522,954)	380,994	(2,098,222)
Subtotal	(6,863,146)	(870,007)	384,342	(7,348,811)
Total Capital Assets, Net	$ 7,577,901	$ 395,968	$ -	$ 7,973,869

NOTE 6 – LEASE/LOAN AGREEMENTS

In 2006 and 2007, the District entered into three lease/loan agreements with two financial institutions to consolidate two Carrico Branch loans, refinance the construction loan for the Newport Branch and finance the renovation of the Cold Spring Branch. On July 22, 2011, the District refinanced these three loans into a $2.6 million lease (loan) agreement with Fifth Third Bank. The loan required interest at 2.74% and annual payments of $296,959 are due each February 1. On June 22, 2018, Fifth Third Bank exercised their right under the lease agreement to require a supplemental payment in 2018 and subsequent years to preserve the same tax equivalent yield on the agreement due to the enactment of the Tax Cuts and Jobs Act of 2017. The modification resulted in the issuance of Reissued Obligations in exchange for the 2011 Obligations. On the reissuance date there were no cash proceeds of the Reissued Obligations and the deemed sale proceeds of the Reissued Obligations are deemed to be applied to the redemption of the 2011 Obligations. The interest yield increased to 3.33%. The loan is a tax supported lease. On September 19, 2019, the District refinanced this loan into a $1.2 million lease (loan) agreement with Kentucky Association of Counties Finance Corporation. The loan required interest at 4.007% and varying annual payments due each January 15. At issuance, the District received a premium of $75,000 on the loan creating a true interest cost of 1.763% to the District. The balance of the loan on June 30, 2020 is $975,000.

Principal payments for the next five years are as follows:

Years	Principal	Interest	Total
2021	$ 145,000	$ 39,067	$ 184,067
2022	150,000	33,167	183,167
2023	160,000	26,967	186,967
2024	165,000	20,467	185,467
2025	175,000	13,667	188,667
Thereafter	180,000	5,084	185,084
	$ 975,000	$ 138,419	$ 1,113,419

NOTE 7 – LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020.

	Balance June 30, 2019	Increased	Decrease	Balance June 30, 2020
Lease agreement	$ 570,369	$1,125,000	$ (720,369)	$ 975,000
Accrued compensation	80,508	24,494	-	105,002
Total	$ 650,877	$1,149,494	$ (720,369)	$1,080,002

NOTE 8 – OPERATING LEASES

On August 15, 2017, the District entered into a commercial lease agreement for space for the South Branch in Alexandria, KY. The lease term is five years and will expire on January 14, 2023. Annual lease payments are due January 15 of each year the lease is in effect.

On July 20, 2016, the District entered into an operating lease agreement for four copiers located throughout the District. The lease term is five years and will expire June 30, 2021. Lease payments are made on a monthly basis. On September 18, 2019, this operating lease agreement was amended. The new lease term is three years and will expire in September 2022.

The future lease payments related to the leases as of June 30, 2020 are summarized as follows:

Fiscal Year Ending June 30	Alexandria Lease	Copier Leases	Total
2021	$ 40,000	$ 5,508	$ 45,508
2022	40,000	1,377	41,377
	$ 80,000	$ 6,885	$ 86,885

NOTE 9 – GRANTS

The District received $41,237 in 2020 through the State Aid for Public Libraries Grant. These funds are awarded on a per capita basis by the Kentucky Department for Libraries and Archives to provide library services to the public.

The District also received a construction assistance grant from the Kentucky Department of Libraries and Archives to be used to retire the debt incurred for the construction of the building for the Newport Branch. Under the terms of the grant, subject to the availability of funds, the Kentucky Department of Libraries and Archives will pay $114,043 in grant funds annually through fiscal year ending June 30, 2021 to the District. These amounts are used to pay the annual loan payment on the loan for the Newport Branch.

NOTE 10 – EMPLOYEE'S PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rates set by the Board for the year ended June 30, 2020 was 24.06%, of which 19.30% was for the pension fund and 4.76% was for the insurance fund. Contributions to the pension plan from the District were $448,783 for the year ended June 30, 2020, of which $359,996 was for the pension fund and $88,787 was for the insurance fund.

NOTE 10 – EMPLOYEE'S PENSION PLAN (CONTINUED)

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

At June 30, 2020, the District reported a liability of $5,085,665 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2019, using generally accepted actuarial principles. There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. The District's proportionate share of the net pension liability was determined using the Districts' actual contributions for the fiscal year ending June 30, 2019. This method was expected to be reflective of the Districts' long-term contribution effort. At June 30, 2019, the District's proportion was 0.072311%, which was an increase of 0.000925% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $885,703. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 129,852	$ 21,488
Changes of assumptions	514,727	-
Net difference between projected and actual earnings on plan investments	-	81,983
Changes in proportion and differences between District contributions and proportionate share of contributions	43,647	21,816
District contributions subsequent to the measurement date	359,996	-
	$ 1,048,222	$ 125,287

The $359,996 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$ 357,093
2022	141,266
2023	58,764
2024	5,816
2025	-
	$ 562,939

NOTE 10 – EMPLOYEE'S PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Changes of assumptions. The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018".

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

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

NOTE 10 – EMPLOYEE'S PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.75%	4.30%
International Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
Core Bonds	13.50%	1.35%
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Cash	1.00%	0.20%
Total	100%	

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 6,360,724	$ 5,085,665	$ 4,022,915

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

Payables to the pension plan

The District makes legally required contributions to the pension plan on a monthly basis. The monthly payment is due by the 10th of the following month. As of June 30, 2020, there was no payable to the pension plan.

NOTE 11 – POSTEMPLOYMENT BENEFITS

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

Benefits provided. The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2019 is $13.38 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 10 Employee's Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2020 was 24.06%, of which 19.30 % was for the pension fund and 4.76% was for the insurance fund. See Note 10 for contributions to the plan from the District during the current fiscal year.

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

At June 30, 2020, the District reported a liability of $1,216,003 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2018. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2019, using generally accepted actuarial principles. There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The District's proportionate share of the net OPEB liability was determined using the Districts' actual contributions for the fiscal year ending June 30, 2019. This method is expected to be reflective of the Districts' long-term contribution effort. At June 30, 2019, the District's proportion was 0.072297%, which was an increase of 0.000914% from its proportion measured as of June 30, 2018.

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2020, the District recognized OPEB expense of $130,570. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 366,896
Changes of assumptions	359,827	2,406
Net difference between projected and actual earnings on plan investments	-	54,009
Changes in proportion and differences between District contributions and proportionate share of contributions	9,258	14,902
District contributions subsequent to the measurement date	114,897	-
	$ 483,982	$ 438,213

The $114,897 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	$ (10,908)
2022	(10,908)
2023	6,264
2024	(26,627)
2025	(23,206)
2026	(3,743)
	$ (69,128)

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	Pre – 65: Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years Post – 65: Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years

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

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

Discount rate. The discount rate used to measure the total OPEB liability was 5.68%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 10 Employee's Pension Plan. Additionally, the target allocation and best estimates of arithmetic nominal rates of return for each major asset class are the same as disclosed in Note 10.

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, calculated using the discount rate of 5.68%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

	1% Decrease (4.68%)	Current Discount Rate (5.68%)	1% Increase (6.68%)
District's proportionate share of the net OPEB liability	$ 1,628,944	$ 1,216,003	$ 875,767

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

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 904,348	$ 1,216,003	$ 1,593,922

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

Payables to the OPEB plan

The District makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10th of the following month. See Note 10 Employee's Pension Plan for payable as of June 30, 2020.

NOTE 12 – PROPERTY TAX

The District participates as a special taxing district in Campbell County and levies property taxes as a primary means to support its operations. The categories for which taxes are received and collected and the corresponding tax rates per $100 of assessed value for 2019 are as follows:

Category:	Tax Rates 2019
Real property	$ 7.5 mills
Tangible personal property other than motor vehicles & watercraft	$ 7.5 mills
Motor vehicles	$ 2.60 mills
Watercraft	$ 2.60 mills

The real property portion of the tax is levied each January 1 on the assessed value of the property as determined by the County. The due dates for payment of these taxes are November 1 through December 31 of each year. Assessed values are established by state law at full current market value, and reappraisal of all property is required every four years.

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

Total tax revenues received in fiscal year 2019-2020 amounted to $4,842,107.

NOTE 13 – TAX ABATEMENTS

In January 2013, the District entered into a Tax Increment Financing (TIF) District tax abatement agreement to assist with the funding of the Manhattan Harbour Development in Dayton, Kentucky; a city within the District's taxing area. Under the agreement, localities and taxing districts may grant property tax abatements of 50 percent of the incremental real estate tax growth for properties within the defined financing district. These TIF districts must be approved by the localities and taxing districts upon which they draw the abatements. For the fiscal year ended June 30, 2020, the District refunded property taxes totaling $5,471 under this program. The District also retroactively activated a TIF for the Ovation project in Newport, Kentucky. No taxes were abated for this project in the current year.

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 15, 2021, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the District as of that date.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2020

	Original and Final Budget	Actual Budgetary Basis
REVENUES:		
Property taxes	$ 4,837,000	$ 4,934,062
Library fines and fees	45,000	29,166
Donations	31,000	39,806
Grants	184,000	208,483
Investment earnings	55,000	44,951
Miscellaneous	1,000	11,672
Total revenues	5,153,000	5,268,140
EXPENDITURES:		
Salaries and Benefits	2,924,200	2,837,192
Books and library materials	720,000	657,219
Retirement	455,000	448,783
Debt Service	790,000	242,748
Programming and expense	211,900	169,067
Utilities	156,000	146,510
Maintenance and repairs	123,060	100,591
Contracted Computer Services	82,000	89,595
Insurance	55,000	54,048
Imagination library expense	37,000	40,576
Legal and professional services	34,350	32,200
Staff development and training	39,050	30,253
Telephone	26,000	29,410
Office supplies	24,800	18,020
Travel	21,000	17,452
Miscellaneous	19,515	7,311
Postage	23,100	12,249
Association Dues	6,100	6,361
Board activities	4,625	5,355
Delivery van	6,300	2,266
Capital outlay	695,890	733,256
	6,454,890	5,680,462
Excess revenues (deficiency) over expenditures	(1,301,890)	(412,322)

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

BUDGETARY COMPARISON SCHEDULE
(CONTINUED)
GENERAL FUND

Year Ended June 30, 2020

	Original and Final Budget	Actual Budgetary Basis
Excess revenue (deficiency) over expenditures - forward	$ (1,301,890)	$ (412,322)
OTHER FINANCING SOURCES (USES):		
Proceeds from refinancing agreement	1,200,000	1,125,000
Premium on refinancing agreement	-	75,000
Payment on long-term debt refinanced	-	(570,370)
Transfers in	101,890	-
Transfers out	-	(1,495,306)
Net other financing sources (uses)	1,301,890	(865,676)
Net change in fund balance	$ -	$ (1,277,998)

BUDGET TO GAAP RECONCILIATION:

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

	General Fund
Sources/revenues:	
Actual amounts (budgetary basis)	$ 5,268,140
Differences - budget to GAAP:	
The District budgets for property taxes and other revenues only to the extent expected to be received, rather than on the modified accrual basis	(84,659)
Total revenues as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	$ 5,183,481
Uses/expenditures:	
Actual amounts (budgetary basis)	$ 5,680,462
Differences - budget to GAAP:	
The District budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis	123,669
Total expenditures as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	$ 5,804,131

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

NOTES TO BUDGETARY COMPARISON SCHEDULE

June 30, 2020

NOTE 1 – EXPLANATION OF DIFFERENCES

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

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.

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

County Employees Retirement System

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.072311%	0.071386%	0.072158%	0.073319%	0.071216%	0.063872%				
District's proportionate share of the net pension liability (asset)	$ 5,085,665	$ 4,347,625	$ 4,223,630	$ 3,609,966	$ 3,061,940	$ 2,072,262				
District's covered-employee payroll	$ 1,823,228	$ 1,772,087	$ 1,758,167	$ 1,745,147	$ 1,677,736	$ 1,443,552				
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	278.94%	245.34%	240.23%	206.86%	182.50%	143.55%				
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%				

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

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 359,996	$ 295,135	$ 257,867	$ 245,223	$ 216,747	$ 213,911	$ 198,344			
Contributions in relation to the contractually required contribution	$ (359,996)	$ (295,135)	$ (257,867)	$ (245,223)	$ (216,747)	$ (213,911)	$ (198,344)			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
District's covered-employee payroll	$ 1,866,106	$ 1,823,228	$ 1,772,087	$ 1,758,167	$ 1,745,147	$ 1,677,736	$ 1,443,552			
Contributions as a percentage of covered-employee payroll	19.29%	16.19%	14.55%	13.95%	12.40%	12.75%	13.74%			

The accompanying notes are an integral part of this statement.

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

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

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

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

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

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2017

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

2018

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

Method and assumptions used in calculations of actuarially determined contributions. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.00%
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%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back 4 years for males) is used for the period after disability retirement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.

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

County Employees Retirement System

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net OPEB liability (asset)	0.072297%	0.071383%	0.072158%							
District's proportionate share of the net OPEB liability (asset)	$ 1,216,003	$ 1,267,391	$ 1,450,623							
District's covered-employee payroll	$ 1,823,228	$ 1,772,087	$ 1,758,167							
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	66.70%	71.52%	82.51%							
Plan fiduciary net position as a percentage of the total pension liability	60.44%	57.62%	52.39%							

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

The accompanying notes are an integral part of this statement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.

SCHEDULE OF DISTRICT OPEB FUND CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 88,787	$ 95,710	$ 83,700	$ 83,100						
Contributions in relation to the contractually required contribution	$ (88,787)	$ (95,710)	$ (83,700)	$ (83,100)						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
District's covered-employee payroll	$ 1,866,106	$ 1,823,228	$ 1,772,087	$ 1,758,167						
Contributions as a percentage of covered-employee payroll	4.76%	5.25%	4.72%	4.71%						

The accompanying notes are an integral part of this statement.

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2020

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

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

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

2017

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

2018

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

Method and assumptions used in calculations of actuarially determined contributions. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	26 Years, Closed
Payroll Growth Rate	2.00%
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%
Salary Increases	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

Healthcare Trend Rates	Pre - 65 Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post - 65 Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. Phase-in Provision Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back 4 years for males) is used for the period after disability retirement.

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.

ADMINISTRATIVE EXPENSE DETAIL

June 30, 2020

Utilities and telephone	$174,868
Professional services	32,200
Contracted computer service	77,852
Office supplies	18,020
Staff development	30,253
Postage	12,249
Travel	17,452
Association dues	6,361
Delivery van	2,266
Board activities	5,855
Imagination Library	40,576
Miscellaneous	12,784
Total Administrative Expenses	$430,736

BA
BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700
1-877-585-6454
Fax 859-578-3542
info@bramelackley.com

www.bramelackley.com
1885 Dixie Highway,
Suite 310
Ft. Wright, Kentucky 41011

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

To the Board of Trustees
Campbell County Public Library District Board of Trustees, Inc.
Cold Spring, Kentucky

We have audited, 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, the financial statements of the governmental activities and each major fund of the Campbell County Public Library District Board of Trustees, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Campbell County Public Library District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campbell County Public Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of Campbell County Public Library District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell County Public Library District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bramel & Ackley, P.S.C.

January 15, 2021

BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700
1-877-585-6454
Fax 859-578-3542
info@bramelackley.com

www.bramelackley.com
1885 Dixie Highway,
Suite 310
Ft. Wright, Kentucky 41011

January 15, 2021

To the Board of Trustees
Campbell County Public Library District Board of Trustees, Inc.

We have audited the financial statements of the governmental activities and each major fund of Campbell County Public Library District Board of Trustees, Inc. for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 8, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Campbell County Public Library District Board of Trustees, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

> Management's estimate of the useful lives of the capital assets in calculating the depreciation expense is based on the lives of those that are generally accepted throughout the United States of America. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimates of the net pension liability and net OPEB liability are based on multiple actuarial assumptions of future benefits and plan assets. We evaluated the key factors and assumptions used to develop the net pension liability and the net OPEB liability in determining they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the employee's pension plan in Note 10 to the financial statements states the pension liability and terms per CERS.

The disclosure of the postemployment benefits in Note 11 to the financial statements states the OPEB liability and terms per KRS.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management:

1) Adjust accounts payable to actual.
2) Adjust other accrued liabilities to actual.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule, the schedule of the District's proportionate share of the net pension liability, the schedule of the District's proportionate share of the net OPEB liability, and the schedule of District pension fund and OPEB contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Administrative Expense Detail, which accompanies the financial statements but are not RSI. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and the management of Campbell County Public Library District Board of Trustees, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bramel & Ackley, P.S.C.