

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

FINANCIAL STATEMENTS

Year Ended June 30, 2021

WITH

Independent Auditors' Report

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

FINANCIAL STATEMENTS

Year Ended June 30, 2021

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TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3 - 7
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Basic Financial Statements	14 – 29
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	30 – 31
Notes to Budgetary Comparison Schedule	32
Schedule of the District's Proportionate Share of the Net Pension Liability	33
Schedule of District Pension Fund Contributions	34
Notes to Required Pension Supplementary Information	35
Schedule of the District's Proportionate Share of the Net OPEB Liability	36

TABLE OF CONTENTS (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED):	<u>Pages</u>
Schedule of District OPEB Fund Contributions	37
Notes to Required OPEB Supplementary Information	38
OTHER SUPPLEMENTARY INFORMATION:	
Administrative Expense Detail	39
Exhibit I - 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 <i>Government Auditing Standards</i>	41 – 42



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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, 2021, 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, 2021, 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 39 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 November 29, 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 effectiveness of the Campbell County Public Library District Board of Trustees, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Campbell County Public Library District Board of Trustees, Inc.'s internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

Ft. Wright, Kentucky
November 29, 2021

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

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 a new mixed-use development called Alexandria Flats that is currently under construction. This 50+ acre development will include multiple apartment complexes and business space.

In Newport, activity has continued with the Ovation project. A new 7,000 seat arena, PromoPost Pavillion, opened in fall 2020 at the site. Newport-on-the-Levee is a major draw to Northern Kentucky in terms of tourism. The site continues to develop new spaces including a hotel, restaurants, and retail.

The local economy felt the impact of the COVID-19 pandemic with closures of restaurants, daycares, and some businesses. Some of these businesses remain closed, but many became operational again in spring 2021, once the vaccine was widely available. The strain now is finding labor as many people have left the job market or left the positions that they held pre-pandemic.

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 FY2020-21 was approved by the Board of Trustees on May 20, 2020. The District's fiscal year began on July 1, 2020 and ended on June 30, 2021.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

Budgeted Income

The District's budgeted income for FY2020-21 was \$5,140,500. The bulk of this anticipated income generates from locally assessed taxes (\$4,898,000, or 95.3%). Other components of the District's income included:

- Donations (\$31,000, 0.6%);
- Grants and State Aid (\$146,000, 2.9%);
- Other income (\$43,500, 0.8%);
- Service charges (\$22,000, 0.4%).

"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 \$37,500 from its reserves in FY2020-21.

Income from "Fees and Services" decreased in FY2020-21 as the District did not charge late fees for overdue items from March 2020 through the end of this audit period. The board voted to remain "fine free" in March 2021. While this action does reduce revenue, it also produces a large amount of public goodwill and removes barriers for residents suffering financial hardship. In any case, revenue from fines has been steadily declining for many years due to other policy changes (reducing fines, automatic renewals of borrowed materials, etc).

Tax Rates

On August 19, 2020, the Board of Trustees adopted the following tax rates:

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

The District's tax rates decreased in FY2020-21 while still producing an approximate 4% increase in revenue due to the increased valuation of property in the county.

Budgeted Expenditures

Budgeted expenditure for FY2020-21 was \$5,140,500. Budgeted expenditures were broken down into:

- Capital Expenditures (\$37,500, 0.7%);
- Collection Expenditures [books, audiovisuals and other circulating materials] (\$650,000, 12.7%);
- Operating Expenditures (\$1,069,200, 20.8%);
- Personnel Expenditures (\$3,383,800, 65.8%).

Actual Income/Expenditures

Actual income for the District was \$5,565,770. Note that "transferred reserves" contained in the approved budget are not reflected as actual income. Reserve funds are not transferred if income from regular sources is sufficient to meet the District's needs.

Actual expenditures were \$5,101,527 which is almost exactly what was budgeted.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

District Indebtedness

The District began FY2020-21 with one outstanding loan which has a seven year term. The first payment was made in December 2019. The average annual payment is \$188,172 with an effective interest rate of 1.76%. The last payment will be made in January 2026.

The District received its last payment of \$114,043 in January 2021 for the reduction of the original debt from the construction of the Newport Branch. This payment came from a 20-year grant awarded by the Kentucky Department for Libraries and Archives in 2001.

Financial Analysis of the District as a Whole

The District's net position decreased between this fiscal year and the previous year by \$349,813 or 8.04%. Approximately 69% of the District's assets are invested in capital assets. The vast majority (96%) 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 \$231,738 or 4% 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**

	<u>FY 2021</u>	<u>FY 2020</u>
Current and other assets	\$ 3,485,200	\$ 3,162,113
Capital assets	<u>7,617,591</u>	<u>7,973,869</u>
Total Assets	<u>11,102,791</u>	<u>11,135,982</u>
Deferred Outflows of Resources	<u>1,712,978</u>	<u>1,532,204</u>
Total Assets and Deferred Outflows	<u>12,815,769</u>	<u>12,668,186</u>
Long-term liabilities	8,282,756	7,381,670
Other liabilities	<u>165,366</u>	<u>307,556</u>
Total Liabilities	<u>8,448,122</u>	<u>7,689,226</u>
Deferred Inflows of Resources	<u>367,194</u>	<u>628,694</u>
Total Liabilities and Deferred Inflows	<u>8,815,316</u>	<u>8,317,920</u>
Invested in capital assets, net of debt	6,768,007	6,913,056
Restricted	14,511	14,284
Unrestricted	<u>(2,782,065)</u>	<u>(2,577,074)</u>
Total Net Position	<u>\$ 4,000,453</u>	<u>\$ 4,350,266</u>

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

**Table 2
Change in Net Position**

	<u>FY 2021</u>	<u>FY2020</u>
REVENUES		
Program Revenues		
Charges for services	\$ 10,315	\$ 29,166
Operating grants and contributions	106,380	133,267
Capital grants and contributions	115,043	115,623
General Revenues		
Taxes – real estate, property, and motor vehicle	5,308,998	4,842,107
Investment earnings	13,962	44,951
Miscellaneous	<u>11,072</u>	<u>18,468</u>
Total Revenues	<u>5,565,770</u>	<u>5,183,582</u>
PROGRAM EXPENSES		
Personnel	3,925,716	3,883,386
Depreciation	905,337	870,007
Administrative	415,554	430,736
Maintenance and repair	157,462	152,369
Programming and PR expense	191,260	169,493
Interest	71,164	94,223
Periodicals and online databases	237,667	213,716
Small equipment purchases	9,892	11,583
Loss on disposal of capital assets	<u>1,531</u>	<u>-</u>
Total Expenses	<u>5,915,583</u>	<u>5,825,513</u>
DECREASE IN NET POSITION	<u>\$ (349,813)</u>	<u>\$ (641,931)</u>

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 2020.

In January 2021, the board created two new reserve funds. The Emergency Fund is held in a \$200,000 certificate of deposit with Heritage Bank. The Capital Reserve Fund is held in a \$52,000 certificate of deposit that is also with Heritage Bank.

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. This aid was not returned in the one-year budget that the General Assembly passed in spring 2021. At this time, it does not appear that the legislature has any intention of restoring these funds.

The pandemic, fortunately, has, to this point, had no serious economic consequences for the District. Extra expenses for pandemic-related equipment and supplies have been covered by the District’s budget.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

D. The Current State of the District

The COVID-19 pandemic continues to be a challenge for the District, as it is for the rest of the country. Full operational hours were not restored until May 2021. At that time, work-from-home arrangements for most staff also ended. Through the pandemic, about a dozen staff members tested positive for COVID but no cases have been definitively tied to the work environment and none were life-threatening. Most services are now restored, but masking is still required for staff at all times and for the public attending programs.

Circulation and library visits are steadily improving but have not, as of November 2021, reached their pre-pandemic levels. Other performance markers (program attendance, computer use, meeting room use) are also well below pre-pandemic levels. People are, however, grateful that the District is here and that it is open.

Staffing has been challenging. We have had a larger-than-normal amount of turnover. On the positive side, many of these openings have resulted in staff being able to move up to better positions. That upward movement of existing staff, however, leaves lower paying positions open. Those positions have been especially difficult to fill. A salary survey will be conducted in winter 2022 in anticipation of addressing salary issues.

The Dolly Parton Imagination Library program, started in September 2019, has now grown to over 3,000 registered children. During its 2021 session, the General Assembly allotted \$800,000 to support existing and new Imagination Library programs across the state. For our program, this means that the invoices for registered children will be discounted by 50%.

The District participated in First Lady Beshear's Coverings for Kids program in fall 2020, collecting masks for use in the county's schools. During that campaign, the District collected 22,000 masks. In 2021, we will return to the Drop Your Drawers campaign.

We remain hopeful that the worst of the pandemic is behind us.

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, 2021

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,982,501
Certificates of deposits	263,620
Accounts receivable	59,343
Taxes receivable	57,953
Prepaid expenses	118,783
Security deposit	3,000
Capital assets, net of accumulated depreciation	7,617,591
Total assets	11,102,791
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pension and other postemployment benefits (OPEB)	1,712,978
Total assets and deferred outflow of resources	12,815,769
LIABILITIES	
Accounts payable	10,331
Salaries and benefits payable	135,450
Accrued interest payable	19,585
Due within one year	150,000
Due in more than one year	786,421
Net pension liability	5,587,688
Net OPEB liability	1,758,647
Total liabilities	8,448,122
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pension and other postemployment benefits (OPEB)	312,094
Unamortized lease premium	55,100
Total deferred inflows of resources	367,194
Total liabilities and deferred inflow of resources	8,815,316
NET POSITION	
Net investment in capital assets	6,712,906
Restricted for South Branch	14,511
Unrestricted	(2,726,964)
Total net position	\$ 4,000,453

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, 2021

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities					
Personnel	\$ 3,925,716	\$ -	\$ -	\$ -	\$ (3,925,716)
Depreciation	905,337	-	-	-	(905,337)
Administrative expenses	415,554	-	-	-	(415,554)
Maintenance and repair	157,462	-	-	-	(157,462)
Programming and PR expense	191,260	-	-	-	(191,260)
Interest expense	71,164	-	-	-	(71,164)
Books, periodicals and online databases	237,667	-	-	-	(237,667)
Small equipment purchases	9,892	-	-	-	(9,892)
Loss on disposal of capital assets	1,531	-	-	-	(1,531)
Revenue	-	10,315	106,380	115,043	231,738
Total governmental activities	<u>5,915,583</u>	<u>10,315</u>	<u>106,380</u>	<u>115,043</u>	<u>(5,683,845)</u>
GENERAL REVENUES:					
Taxes:					
					5,308,998
					13,962
					11,072
					<u>5,334,032</u>
					(349,813)
					<u>4,350,266</u>
					<u>\$ 4,000,453</u>

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, 2021

	General	Capital Projects	Total Governmental Funds
- ASSETS -			
Cash and cash equivalents	\$ 2,982,501	\$ -	\$ 2,982,501
Certificates of deposit	-	263,620	263,620
Accounts receivable	59,343	-	59,343
Taxes receivable	57,953	-	57,953
Prepaid expenditures	118,783	-	118,783
Security deposit	3,000	-	3,000
	Total assets	\$ 263,620	\$ 3,485,200
	\$ 3,221,580	\$ 263,620	\$ 3,485,200
- LIABILITIES AND FUND BALANCES -			
LIABILITIES:			
Accounts payable	\$ 10,331	\$ -	\$ 10,331
Salaries and benefits payable	135,450	-	135,450
	Total liabilities	-	145,781
	145,781	-	145,781
FUND BALANCES:			
Nonspendable	118,783	-	118,783
Committed	-	263,620	263,620
Unassigned	2,957,016	-	2,957,016
	Total fund balances	263,620	3,339,419
	3,075,799	263,620	3,339,419
Total liabilities and fund balances	\$ 3,221,580	\$ 263,620	\$ 3,485,200
	\$ 3,221,580	\$ 263,620	\$ 3,485,200

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, 2021

Total Governmental Fund Balances	\$	3,339,419
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
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	\$ 15,357,632	
Accumulated depreciation	(7,740,041)	
		7,617,591
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	150,000	
Due in more than one year	680,000	
Net pension liability	5,587,688	
Net OPEB liability	1,758,647	
		(8,176,335)
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	1,712,978	
Deferred inflow of resources	(367,194)	
		1,345,784
Accrued interest payable not due in the current year is recorded as long-term debt.		
		(19,585)
Accrued compensation not due in the current year is recorded as long-term debt.		
		(106,421)
 <i>Net Position of Governmental Activities</i>	 \$	 4,000,453

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, 2021

	General	Capital Projects	Total Governmental Funds
REVENUES:			
Property taxes	\$ 5,308,998	\$ -	\$ 5,308,998
Library fines and fees	10,315	-	10,315
Donations	49,330	-	49,330
Grants	172,093	-	172,093
Investment earnings	13,962	-	13,962
Miscellaneous income	11,072	-	11,072
Total revenues	5,565,770	-	5,565,770
EXPENDITURES:			
Salaries and benefits	2,866,375	-	2,866,375
Books and library materials	649,187	-	649,187
Retirement	445,435	-	445,435
Debt Service	227,292	-	227,292
Programming and PR expense	201,676	-	201,676
Utilities	149,469	-	149,469
Maintenance and repairs	104,111	-	104,111
Contracted computer services	93,481	-	93,481
Insurance	57,672	-	57,672
Telephone	40,591	-	40,591
Imagination library expense	36,253	-	36,253
Legal and professional services	28,059	-	28,059
Staff development and training	18,289	-	18,289
Office supplies	15,328	-	15,328
Postage	13,923	-	13,923
Miscellaneous	13,294	-	13,294
Association dues	5,347	-	5,347
Board activities	5,313	-	5,313
Delivery van	2,124	-	2,124
Travel	1,530	-	1,530
Capital outlay	-	126,778	126,778
Total expenditures	4,974,749	126,778	5,101,527
Excess revenues (expenditures)	591,021	(126,778)	464,243
OTHER FINANCING SOURCES (USES):			
Transfers in	488,246	-	488,246
Transfers out	-	(488,246)	(488,246)
Net other financing sources (uses)	488,246	(488,246)	-
Net change in fund balances	1,079,267	(615,024)	464,243
FUND BALANCES, BEGINNING	1,996,532	878,644	2,875,176
FUND BALANCES, ENDING	\$ 3,075,799	\$ 263,620	\$ 3,339,419

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, 2021

Net Change in Fund Balances -Total Governmental Funds **\$ 464,243**

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 Position and allocated over their estimated lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation in the period exceeds capital outlays.

Capital outlay for capital assets	\$ 550,590	
Depreciation expense	(905,337)	
Loss on disposal of capital assets	<u>(1,531)</u>	
		(356,278)

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	357,311	
Cost of benefits earned	<u>(874,447)</u>	
		(517,136)

Governmental 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	88,124	
Cost of benefits earned	<u>(183,475)</u>	
		(95,351)

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	<u>145,000</u>	
		145,000

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.	
	10,094

Net difference in accrual for interest payable on long-term debt	1,034
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Net difference in accrual for accrued compensation (long term)	<u>(1,419)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u>\$ (349,813)</u>
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The accompanying notes are an integral part of this statement.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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). 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.

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.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liabilities and the end of the District's fiscal year, (2) differences between the expected and actual experience, (3) changes in assumptions, (4) difference between projected and actual earnings on plan investments and (5) 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 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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) differences between expected and actual experience and (3) 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, the amount related to the differences between expected and actual experience, 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. 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, 2021 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.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 4 – CONCENTRATION OF CREDIT RISK

The District's deposits at June 30, 2021, 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, 2021 was \$3,246,121 and the bank balance was \$3,392,370. 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:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Adjustments Increases/ (Decreases)</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 1,970,244	\$ -	\$ -	\$ 1,970,244
Construction in progress	<u>962,581</u>	<u>9,650</u>	<u>(762,853)</u>	<u>209,378</u>
Subtotal	2,932,825	9,650	(762,853)	2,179,622
Capital assets being depreciated:				
Buildings	5,629,955	-	-	5,629,955
Building and land improvements	1,651,648	815,151	-	2,466,799
Furniture, fixtures and equipment	1,773,882	77,123	(40,502)	1,810,503
Library Collections:				
Books, audio and visual materials	<u>3,334,370</u>	<u>411,520</u>	<u>(475,137)</u>	<u>3,270,753</u>
Subtotal	<u>12,389,855</u>	<u>1,303,794</u>	<u>(515,639)</u>	<u>13,178,010</u>
Total cost	<u>15,322,680</u>	<u>1,313,444</u>	<u>(1,278,492)</u>	<u>15,357,632</u>
Accumulated depreciation:				
Buildings	(2,958,712)	(144,358)	-	(3,103,070)
Building and land improvements	(838,990)	(129,279)	-	(968,269)
Furniture, fixtures and equipment	(1,452,887)	(101,057)	38,970	(1,514,974)
Library Collections:				
Books, audio and visual materials	<u>(2,098,222)</u>	<u>(530,643)</u>	<u>475,137</u>	<u>(2,153,728)</u>
Subtotal	<u>(7,348,811)</u>	<u>(905,337)</u>	<u>514,107</u>	<u>(7,740,041)</u>
Total Capital Assets, Net	<u>\$ 7,973,869</u>	<u>\$ 408,107</u>	<u>\$ (764,385)</u>	<u>\$ 7,617,591</u>

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, 2021 is \$830,000.

Principal payments for the next five years are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2026	<u>180,000</u>	<u>5,084</u>	<u>185,084</u>
	<u>\$ 830,000</u>	<u>\$ 99,352</u>	<u>\$ 929,352</u>

NOTE 7 – LONG-TERM DEBT

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

	<u>Balance June 30, 2020</u>	<u>Increased</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>
Lease agreement	\$ 975,000	\$ -	\$(145,000)	\$ 830,000
Accrued compensation	<u>105,002</u>	<u>1,419</u>	<u>-</u>	<u>106,421</u>
Total	<u>\$ 1,080,002</u>	<u>\$ 1,419</u>	<u>\$(145,000)</u>	<u>\$ 936,421</u>

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

The future lease payments related to the leases as of June 30, 2021 are summarized as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Alexandria</u> <u>Lease</u>	<u>Copier</u> <u>Leases</u>	<u>Total</u>
2022	\$ <u>40,000</u>	\$ <u>918</u>	\$ <u>40,918</u>
	\$ <u>40,000</u>	\$ <u>918</u>	\$ <u>40,918</u>

NOTE 9 – GRANTS

The District 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.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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

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

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

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rates set by the Board for the year ended June 30, 2021 was 24.06%, of which 19.30% was for the pension fund and 4.76% was for the insurance fund. Contributions to the pension plan from the District were \$445,435 for the year ended June 30, 2021, of which \$357,311 was for the pension fund and \$88,124 was for the insurance fund.

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

At June 30, 2021, the District reported a liability of \$5,587,688 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. During the 2020 Legislative Session, Senate Bill 249 and House Bill 271 passed impacting changes in the funding period for the amortization of the unfunded liability as of June 30, 2019 and payments to a surviving spouse. The District’s proportionate share of the net pension liability was determined using the Districts’ actual contributions for the fiscal year ending June 30, 2020. This method was expected to be reflective of the Districts’ long-term contribution effort. At June 30, 2020, the District’s proportion was 0.072852%, which was an increase of 0.000541% from its proportion measured as of June 30, 2019.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 – EMPLOYEE’S PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the District recognized pension expense of \$874,447. At June 30, 2021, 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	\$ 139,339	\$ -
Changes of assumptions	218,190	-
Net difference between projected and actual earnings on plan investments	139,825	-
Changes in proportion and differences between District contributions and proportionate share of contributions	58,044	4,887
District contributions subsequent to the measurement date	357,311	-
	\$ 912,709	\$ 4,887

The \$357,311 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 253,824
2023	170,750
2024	69,779
2025	56,158
2026	-
	\$ 550,511

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 – EMPLOYEE’S PENSION PLAN (CONTINUED)

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 - June 30, 2018.

Changes of assumptions. Since the prior measurement date, there were no changes in assumptions.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	<u>100%</u>	

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 – EMPLOYEE’S PENSION PLAN (CONTINUED)

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	\$ 6,890,835	\$ 5,587,688	\$ 4,508,633

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, 2021, 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 2020 is \$13.58 for CERS Non-hazardous employees.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2021 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, 2021, the District reported a liability of \$1,758,647 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. During the 2020 Legislative Session, Senate Bill 249 passed impacting changes in the funding period for the amortization of the unfunded liability as of June 30, 2019. The District’s proportionate share of the net OPEB liability was determined using the Districts’ actual contributions for the fiscal year ending June 30, 2020. This method is expected to be reflective of the Districts’ long-term contribution effort. At June 30, 2020, the District’s proportion was 0.072831%, which was an increase of 0.000534% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$183,475. At June 30, 2021, 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	\$ 293,833	\$ 294,062
Changes of assumptions	305,901	1,860
Net difference between projected and actual earnings on plan investments	58,454	-
Changes in proportion and differences between District contributions and proportionate share of contributions	10,796	11,285
District contributions subsequent to the measurement date	131,285	-
	\$ 800,269	\$ 307,207

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The \$131,285 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 95,389
2023	112,687
2024	79,550
2025	77,922
2026	(3,772)
2027	-
	<u>\$ 361,776</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%	
Payroll growth rate	2.00%	
Salary increases	3.30% to 10.30%, varies by service	
Investment rate of return	6.25%	
Healthcare trend rates	Pre – 65: Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years Post – 65: Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 - June 30, 2018.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount rate. The discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 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.

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 5.34%, 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 (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	<u>1% Decrease (4.34%)</u>	<u>Current Discount Rate (5.34%)</u>	<u>1% Increase (6.34%)</u>
District’s proportionate share of the net OPEB liability	\$ 2,259,345	\$ 1,758,647	\$ 1,347,407

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:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of the net OPEB liability	\$ 1,361,632	\$ 1,758,647	\$ 2,240,434

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2021.

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 2020 are as follows:

Category:	<u>Tax Rates</u> <u>2020</u>
Real property	\$ 7.4 mills
Tangible personal property other than motor vehicles & watercraft	\$ 7.4 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 2020-2021 amounted to \$5,308,998.

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, 2021, the District refunded property taxes totaling \$5,090 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.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 14 – CORONAVIRUS

As of and subsequent to the date of these financial statements, the World has been responding to an outbreak of respiratory disease caused by a novel coronavirus (COVID-19). COVID-19 has been declared a pandemic by the World Health Organization, and declared a national emergency in the United States of America. The outbreak and response have impacted financial and economic markets across the world and within the United States of America. While the District continues to monitor this emergency and adjust accordingly, the impact to the District is uncertain as of the date of these financial statements, and as such no adjustment has been made to these financial statements.

NOTE 15 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 29, 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, 2021

	Original and Final Budget	Actual Budgetary Basis
REVENUES:		
Property taxes	\$ 4,898,000	\$ 5,289,961
Library fines and fees	22,000	10,315
Donations	31,000	49,330
Grants	146,000	158,893
Investment earnings	5,000	13,962
Miscellaneous	1,000	12,325
Total revenues	5,103,000	5,534,786
EXPENDITURES:		
Salaries and benefits	2,931,800	2,854,541
Books and library materials	650,000	618,518
Retirement	452,000	445,435
Debt Service	227,300	227,292
Programming and PR expense	203,900	200,586
Utilities	152,500	148,298
Maintenance and repairs	125,060	105,026
Contracted computer services	81,000	92,316
Insurance	55,000	57,672
Telephone	26,000	40,591
Imagination library expense	37,250	36,253
Legal and professional services	33,050	28,059
Staff development and training	34,250	18,289
Office supplies	28,800	15,328
Postage	23,100	13,923
Miscellaneous	10,465	13,675
Association dues	6,100	5,347
Board activities	3,625	5,313
Delivery van	6,300	2,124
Travel	15,500	1,530
Capital outlay	37,500	-
	5,140,500	4,930,117
Excess revenues (deficiency) over expenditures	(37,500)	604,669

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, 2021

	Original and Final Budget	Actual Budgetary Basis
Excess revenue (deficiency) over expenditures - forward	\$ (37,500)	\$ 604,669
OTHER FINANCING SOURCES (USES):		
Transfers in	37,500	488,246
Transfers out	-	-
Net other financing sources (uses)	37,500	488,246
Net change in fund balance	\$ -	\$ 1,092,915

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)	\$ 5,534,786
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	30,984
Total revenues as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	\$ 5,565,770
Uses/expenditures:	
Actual amounts (budgetary basis)	\$ 4,930,117
Differences - budget to GAAP:	
The District budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis	44,632
Total expenditures as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	\$ 4,974,749

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, 2021

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*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.072852%	0.072311%	0.071386%	0.072158%	0.073319%	0.071216%	0.063872%			
District's proportionate share of the net pension liability (asset)	\$ 5,587,688	\$ 5,085,665	\$ 4,347,625	\$ 4,223,630	\$ 3,609,966	\$ 3,061,940	\$ 2,072,262			
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			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	299.43%	278.94%	245.34%	240.23%	206.86%	182.50%	143.55%			
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%			

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

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 357,311	\$ 359,996	\$ 295,135	\$ 257,867	\$ 245,223	\$ 216,747	\$ 213,911	\$ 198,344		
Contributions in relation to the contractually required contribution	<u>\$ (357,311)</u>	<u>\$ (359,996)</u>	<u>\$ (295,135)</u>	<u>\$ (257,867)</u>	<u>\$ (245,223)</u>	<u>\$ (216,747)</u>	<u>\$ (213,911)</u>	<u>\$ (198,344)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
District's covered-employee payroll	\$ 1,853,196	\$ 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	19.28%	19.29%	16.19%	14.55%	13.95%	12.40%	12.75%	13.74%		

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION

June 30, 2021

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

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

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

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

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

2015

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

2017

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

2019

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

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*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net OPEB liability (asset)	0.072831%	0.072297%	0.071383%	0.072158%						
District's proportionate share of the net OPEB liability (asset)	\$ 1,758,647	\$ 1,216,003	\$ 1,267,391	\$ 1,450,623						
District's covered-employee payroll	\$ 1,866,106	\$ 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	94.24%	66.70%	71.52%	82.51%						
Plan fiduciary net position as a percentage of the total pension liability	51.67%	60.44%	57.62%	52.39%						

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

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.

SCHEDULE OF DISTRICT OPEB FUND CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 88,124	\$ 88,787	\$ 95,710	\$ 83,700	\$ 83,147					
Contributions in relation to the contractually required contribution	<u>\$ (88,124)</u>	<u>\$ (88,787)</u>	<u>\$ (95,710)</u>	<u>\$ (83,700)</u>	<u>\$ (83,147)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
District's covered-employee payroll	\$ 1,853,196	\$ 1,866,106	\$ 1,823,228	\$ 1,772,087	\$ 1,758,167					
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.25%	4.72%	4.71%					

The accompanying notes are an integral part of this statement.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION

June 30, 2021

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

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

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

2017

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

2018

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- For assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

2019

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

2020

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years to an initial trend starting at 2.90%, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

ADMINISTRATIVE EXPENSE DETAIL

June 30, 2021

Utilities and telephone	\$ 190,060
Professional services	28,059
Contracted computer service	87,756
Office supplies	15,328
Staff development	18,289
Postage	13,923
Travel	1,530
Association dues	5,347
Delivery van	2,124
Board activities	5,313
Imagination Library	36,253
Miscellaneous	<u>11,572</u>
 Total Administrative Expenses	 <u><u>\$ 415,554</u></u>

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**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

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

Ft. Wright, Kentucky
November 29, 2021