

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

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

**WITH**

**Independent Auditors' Report**

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

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

**WITH**

**Independent Auditors' Report**

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BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

## INDEPENDENT AUDITORS' REPORT

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**To the Board of Trustees**

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

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

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Campbell County Public Library District Board of Trustees, Inc. as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Campbell County Public Library District Board of Trustees, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee

that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Campbell County Public Library District Board of Trustees, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Campbell County Public Library District Board of Trustees, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 December 12, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.*

December 12, 2022

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2022**

**A. Overview of Campbell County Economy**

The overall financial health of the county is the ultimate indicator of the District's financial health since the largest share of the District's revenue derives from county-wide property taxes. Campbell County enjoys the benefit of regional growth, which has been steady for quite some time.

Highway 27 is the primary north-south roadway through the county. Most development, with the exception of the river cities, happens along this corridor. Most of that development, with the exception of subdivisions, happens north of Alexandria. The suburbs south of Alexandria, however, continue to expand. Antagonism over some of that expansion has become more pronounced. It's residential growth, however, that will lead to more commercial development southward.

The Alexandria area does have several commercial areas, and those have prospered over the last several years. There are less vacant storefronts and a few new stand-alone businesses either in their lots or in nearby properties. Topography limits industrial growth without significant upfront investment, but any industrial growth would certainly have to be in the southern part of the county.

Moving north, Cold Spring has seen several new stand-alone businesses open, including a much-anticipated Starbucks. Commercial developments are prospering with few, if any, vacant storefronts.

Fort Thomas developed a large piece of property for mixed use near the city center over the last two years. It replaces old housing stock that had been repurposed for commercial uses that didn't sustain themselves. The Fort Thomas, Wilder, and Southgate areas were re-assessed by the Property Valuation Administrator over the last year. Many residential properties saw huge increases (30-40%) in valuation due to the overheated housing market.

In the river cities, Bellevue stands out for opening new brew pubs and restaurants. The Fairfield Avenue corridor is booming. Newport continues to develop the Ovation Project area along with the Levee area. Properties adjacent to these developments are also becoming hot commodities which has led, unfortunately, to the displacement of some low income housing. The Monmouth Avenue corridor also remains vibrant with restaurants and other stand-alone businesses. The Newport Pavilion development is filled with businesses and consumers.

The impact of COVID on the county wanes. Many businesses have returned and more have opened. The key problem, just like the rest of the country, is a shortage of labor.

**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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2022**

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 FY2021-22 was approved by the Board of Trustees on May 19, 2021. The District's fiscal year began on July 1, 2021 and ended on June 30, 2022.

*Budgeted Income*

The District's budgeted income for FY2021-22 was \$5,398,355. The bulk of this anticipated income generates from locally assessed taxes (\$5,142,000, or 95.3%). Other components of the District's income included:

- Donations (\$31,000, 0.5%);
- Grants and State Aid (\$37,000, 0.7%);
- Other income (\$181,355, 3.4%);
- Service charges (\$7,000, 0.1%).

"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 \$173,355 from its reserves in FY2021-22.

*Tax Rates*

On July 21, 2021, 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 remained the same in FY2021-22 while still producing an approximate 4% increase in revenue due to the increased valuation of property in the county.

*Budgeted Expenditures*

Budgeted expenditure for FY2021-22 was \$5,398,355. Budgeted expenditures were broken down into:

- Capital Expenditures (\$115,750, 2.1%);
- Collection Expenditures [books, audiovisuals and other circulating materials] (\$650,000, 12.0%);
- Operating Expenditures (\$1,082,205, 20.1%);
- Personnel Expenditures (\$3,550,400, 65.8%).



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2022**

*Actual Income/Expenditures*

Actual income for the District was \$5,608,187, well over the budgeted amount. The overheated housing market was a contributor to that overage. (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 \$5,469,476 which is very close to what was budgeted.

*District Indebtedness*

The District began FY2021-22 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.

*Financial Analysis of the District as a Whole*

The District's net position increased between this fiscal year and the previous year by \$148,080 or 3.70%. Approximately 68% of the District's assets are invested in capital assets. The vast majority (97%) 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 \$187,328 or 3% 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 2022</u>	<u>FY 2021</u>
Current and other assets	\$ 3,663,490	\$ 3,485,200
Capital assets	<u>7,738,462</u>	<u>7,617,591</u>
Total Assets	<u>11,401,952</u>	<u>11,102,791</u>
Deferred Outflows of Resources	<u>1,279,758</u>	<u>1,712,978</u>
Total Assets and Deferred Outflows	<u>12,681,710</u>	<u>12,815,769</u>
Long-term liabilities	7,009,438	8,282,756
Other liabilities	<u>163,545</u>	<u>165,366</u>
Total Liabilities	<u>7,172,983</u>	<u>8,448,122</u>
Deferred Inflows of Resources	<u>1,360,194</u>	<u>367,194</u>
Total Liabilities and Deferred Inflows	<u>8,533,177</u>	<u>8,815,316</u>
Invested in capital assets, net of debt	6,817,248	6,768,007
Restricted	14,539	14,511
Unrestricted	<u>(2,683,254)</u>	<u>(2,782,065)</u>
Total Net Position	<u>\$ 4,148,533</u>	<u>\$ 4,000,453</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2022**

**Table 2  
Change in Net Position**

	<u>FY 2022</u>	<u>FY 2021</u>
<b>REVENUES</b>		
Program Revenues		
Charges for services	\$ 15,790	\$ 10,315
Operating grants and contributions	147,095	106,380
Capital grants and contributions	24,443	115,043
General Revenues		
Taxes – real estate, property, and motor vehicle	5,401,475	5,308,998
Investment earnings	14,378	13,962
Miscellaneous	3,746	11,072
Gain on disposal of capital assets	<u>725</u>	<u>-</u>
Total Revenues	<u>5,607,652</u>	<u>5,565,770</u>
<b>PROGRAM EXPENSES</b>		
Personnel	3,435,256	3,925,716
Depreciation	949,420	905,337
Administrative	463,241	415,554
Maintenance and repair	153,319	157,462
Programming and PR expense	219,919	191,260
Interest	23,008	71,164
Periodicals and online databases	203,286	237,667
Small equipment purchases	12,123	9,892
Loss on disposal of capital assets	<u>-</u>	<u>1,531</u>
Total Expenses	<u>5,459,572</u>	<u>5,915,583</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 148,080</u>	<u>\$ (349,813)</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 liquid funds that remain just before the December property tax payments are received by the District.) The District had liquid reserves of approximately \$1,046,000 on November 30, 2021.

On November 30, 2021, the District also had a Wish List Fund balance of approximately \$30,000. These funds derive from donations to the library and are used, with the Board’s approval, for special projects that are suggested by the District’s staff. In addition to this fund, the District also has an Emergency Fund of \$200,000 held in a certificate of deposit with Heritage Bank and a Capital Reserve Fund of \$52,000 held in a certificate of deposit that is also with Heritage Bank. All of these are restricted funds.

The Kentucky General Assembly, despite a surplus in its own funds, did not reinstate state aid to libraries in 2022.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2022**

**D. The Current State of the District**

All District services are now at pre-pandemic operational levels. While circulation remains less than pre-pandemic levels, it is steadily improving. The number of people entering the buildings also remains stubbornly lower than pre-pandemic. Programming, however, has seen a dramatic rebound and is on par with pre-pandemic levels. The District has returned to full scale outreach events, which has definitely helped with overall library usage.

To that point, in November 2021, the District, using some of its Wish List Funds, donations, and unbudgeted funds, purchased a used bookmobile from the Floyd County Public Library. This \$70,000 expenditure has been a tremendous success. The Book Bus visits outdoor events sponsored by the District and other organizations. People of all ages get one free "forever" book when they visit. About 550 free books are distributed each month.

Staffing remains challenging. Turnover has been high and positions have been difficult to fill. The District also lost two key positions in 2022: the Communications Manager and the IT Coordinator. Both of these positions have now been filled.

To combat staff loss and retain existing staff, the District conducted a salary survey using an outside consultant in January 2022. After reviewing the consultant's findings, the board opted for an aggressive, two-year plan to bring salaries in line with regional competitors. To offset the costs of these pay increases, the position of shelfer will be eliminated entirely by June 30, 2023. Pay increases were most significant for the District's upper pay ranges, where the need for improvement was highest. Everyone on staff, however, received a minimum of a 2% increase in addition to any regular merit increases that were provided.

The Dolly Parton Imagination Library program, started in September 2019, has now grown to over 3,100 registered children. The Kentucky General Assembly voted to permanently fund 50% of the operating costs for any program across the state. As a result, thirty new programs are now in place statewide. To date, over 2,000 children have graduated from our own program. The impact, even in a short time, has been tremendous.

In 2021, we returned to the Drop Your Drawers campaign and had over 15,000 donations of underwear, socks, and related personal items. We were extremely pleased.

The District continues to innovate and add services. We are happy to be a vital and progressive part of our community.

**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, 2022**

	Primary Government Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,231,888
Certificates of deposits	264,109
Accounts receivable	1,519
Taxes receivable	34,547
Prepaid expenses	128,427
Security deposit	3,000
Capital assets, net	7,738,462
<b>Total assets</b>	<b>11,401,952</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred outflows related to pension and other postemployment benefits (OPEB)	1,279,758
<b>Total assets and deferred outflow of resources</b>	<b>12,681,710</b>
<b>LIABILITIES</b>	
Accounts payable	13,475
Salaries and benefits payable	134,479
Accrued interest payable	15,591
Long term liabilities due within one year	160,000
Long term liabilities due in more than one year	609,327
Lease liability due within one year	44,622
Lease liability due in more than one year	181,001
Net pension liability	4,625,823
Net OPEB liability	1,388,665
<b>Total liabilities</b>	<b>7,172,983</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflows related to pension and other postemployment benefits (OPEB)	1,315,484
Unamortized lease premium	44,710
<b>Total deferred inflows of resources</b>	<b>1,360,194</b>
<b>Total liabilities and deferred inflow of resources</b>	<b>8,533,177</b>
<b>NET POSITION</b>	
Net investment in capital assets	6,817,248
Restricted for South Branch	14,539
Unrestricted	(2,683,254)
<b>Total net position</b>	<b>\$ 4,148,533</b>

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, 2022

Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>					
Personnel	\$ 3,435,256	\$ -	\$ -	\$ -	\$ (3,435,256)
Depreciation	949,420	-	-	-	(949,420)
Administrative expenses	463,241	-	-	-	(463,241)
Maintenance and repair	153,319	-	-	-	(153,319)
Programming and PR expense	219,919	-	-	-	(219,919)
Interest expense	23,008	-	-	-	(23,008)
Books, periodicals and online databases	203,286	-	-	-	(203,286)
Small equipment purchases	12,123	-	-	-	(12,123)
Revenue	-	15,790	147,095	24,443	187,328
<b>Total governmental activities</b>	<u>5,459,572</u>	<u>15,790</u>	<u>147,095</u>	<u>24,443</u>	<u>(5,272,244)</u>
<b>GENERAL REVENUES:</b>					
Taxes:					
Taxes levied for general purpose					5,401,475
Investment earnings					14,378
Miscellaneous					3,746
Gain on disposal of capital assets					725
<b>Total general revenues</b>					<u>5,420,324</u>
<b>Change in net position</b>					148,080
<b>NET POSITION, BEGINNING</b>					<u>4,000,453</u>
<b>NET POSITION, ENDING</b>					<u><u>\$ 4,148,533</u></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, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>- ASSETS -</b>			
Cash and cash equivalents	\$ 3,231,888	\$ -	\$ 3,231,888
Certificates of deposit	-	264,109	264,109
Accounts receivable	1,519	-	1,519
Taxes receivable	34,547	-	34,547
Prepaid expenditures	128,427	-	128,427
Security deposit	3,000	-	3,000
<b>Total assets</b>	<u>\$ 3,399,381</u>	<u>\$ 264,109</u>	<u>\$ 3,663,490</u>
<b>- LIABILITIES AND FUND BALANCES -</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 13,475	\$ -	\$ 13,475
Salaries and benefits payable	134,479	-	134,479
<b>Total liabilities</b>	<u>147,954</u>	<u>-</u>	<u>147,954</u>
<b>FUND BALANCES:</b>			
Nonspendable	128,427	-	128,427
Committed	-	264,109	264,109
Unassigned	3,123,000	-	3,123,000
<b>Total fund balances</b>	<u>3,251,427</u>	<u>264,109</u>	<u>3,515,536</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,399,381</u>	<u>\$ 264,109</u>	<u>\$ 3,663,490</u>

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, 2022**

<b>Total Governmental Fund Balances</b>	<b>\$</b>	<b>3,515,536</b>
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*Amounts reported for governmental activities in the  
statement of net position are different because:*

Capital assets used in governmental activities are not  
financial resources and therefore are not reported as assets  
in the governmental funds.

Cost of capital assets	\$ 16,008,254	
Accumulated depreciation	<u>(8,269,792)</u>	
		7,738,462

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	160,000	
Due in more than one year	520,000	
Leases due within one year	44,622	
Leases due in more than one year	181,001	
Net pension liability	4,625,823	
Net OPEB liability	<u>1,388,665</u>	
		(6,920,111)

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	1,279,758	
Deferred inflow of resources	<u>(1,360,194)</u>	
		(80,436)

Accrued interest payable not due in the current year is recorded as long-term debt.	(15,591)
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Accrued compensation not due in the current year is recorded as long-term debt.	<u>(89,327)</u>
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<b><i>Net Position of Governmental Activities</i></b>	<b>\$</b>	<b><u>4,148,533</u></b>
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**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, 2022**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 5,401,475	\$ -	\$ 5,401,475
Library fines and fees	15,790	-	15,790
Donations	58,065	-	58,065
Grants	113,472	-	113,472
Investment earnings	14,378	-	14,378
Miscellaneous income	5,007	-	5,007
<b>Total revenues</b>	<u>5,608,187</u>	<u>-</u>	<u>5,608,187</u>
<b>EXPENDITURES:</b>			
Salaries and benefits	2,848,090	-	2,848,090
Books and library materials	633,514	-	633,514
Retirement	499,497	-	499,497
Programming and PR expense	227,361	-	227,361
Debt Service	187,393	-	187,393
Utilities	167,245	-	167,245
Maintenance and repairs	100,178	-	100,178
Contracted computer services	94,382	-	94,382
Lease expense	82,599	-	82,599
Insurance	54,551	-	54,551
Imagination library expense	35,248	-	35,248
Staff development and training	32,946	-	32,946
Legal and professional services	29,856	-	29,856
Telephone	29,361	-	29,361
Office supplies	18,311	-	18,311
Travel	15,510	-	15,510
Miscellaneous	15,276	-	15,276
Postage	9,376	-	9,376
Board activities	6,480	-	6,480
Association dues	5,649	-	5,649
Delivery van	3,601	-	3,601
Capital outlay	-	373,052	373,052
<b>Total expenditures</b>	<u>5,096,424</u>	<u>373,052</u>	<u>5,469,476</u>
<b>Excess revenues (expenditures)</b>	<u>511,763</u>	<u>(373,052)</u>	<u>138,711</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Lease financing	37,406	-	37,406
Transfers in	-	373,541	373,541
Transfers out	(373,541)	-	(373,541)
<b>Net other financing sources (uses)</b>	<u>(336,135)</u>	<u>373,541</u>	<u>37,406</u>
<b>Net change in fund balances</b>	175,628	489	176,117
<b>FUND BALANCES, BEGINNING</b>	<u>3,075,799</u>	<u>263,620</u>	<u>3,339,419</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,251,427</u>	<u>\$ 264,109</u>	<u>\$ 3,515,536</u>

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, 2022**

<b>Net Change in Fund Balances -Total Governmental Funds</b>	<b>\$ 176,117</b>
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*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	\$ 800,010	
Depreciation expense	(949,420)	
Proceeds from disposal of capital assets	(1,260)	
Gain on disposal of capital assets	<u>725</u>	
		(149,945)

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	392,369	
Cost of benefits earned	<u>(471,502)</u>	
		(79,133)

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	107,128	
Cost of benefits earned	<u>(132,758)</u>	
		(25,630)

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

Principal portion of current year debt service	150,000	
Principal portion of building and copiers lease liabilities	<u>45,193</u>	
		195,193

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.

10,391

Net difference in accrual for interest payable on long-term debt	3,994
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Net difference in accrual for accrued compensation (long term)	<u>17,093</u>
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<b><i>Change in Net Position of Governmental Activities</i></b>	<b><u>\$ 148,080</u></b>
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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, 2022**

**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, 2022**

**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, 2022**

**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

The District has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**Pensions**

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

**Other Postemployment Benefits 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 KPPA's Retirement System Insurance Fund and additions to/deductions from KPPA's fiduciary net position have been determined on the same basis as they are reported by KPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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) differences between the expected and actual experience, (2) changes in assumptions, (3) changes in the proportionate share of the District's contributions and (4) contributions made between the measurement date of the net pension liability and the end of the District's fiscal year. The deferred amount related to the differences between expected and actual experience in the pension and OPEB fund, changes of assumptions in the pension fund and OPEB fund and changes in the proportionate share of the District's contributions to 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. 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 related to the District's pension plan and OPEB plan

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

include (1) differences between expected and actual experience, (2) changes in assumptions, (3) changes in the proportionate share of the District's contributions, and (4) the difference between projected and actual earnings on the District's plan investments. The deferred amount related to the changes in the differences between expected and actual experience to the District's pension fund and OPEB fund, the changes of assumptions to the District's OPEB fund, and the changes in the proportionate share of the District's contributions to 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 inflows of resources reported in this year's financial statements related to unamortized lease premium includes the remaining premium from the refinance of a long-term loan. The deferred amount will be recognized over the life of the loan.

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.

**New Accounting Pronouncements**

On July 1, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, while a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of adopting this standard, the District recorded a right of use leased asset and lease payable of \$233,410.

**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, 2022 is presented as supplementary information to the financial statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**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, 2022, 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, 2022 was \$3,495,997 and the bank balance was \$3,636,225. 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, 2021	Additions	Adjustments Increases/ (Decreases)	Balance June 30, 2022
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,970,244	\$ -	\$ -	\$ 1,970,244
Construction in progress	<u>209,378</u>	<u>-</u>	<u>(9,650)</u>	<u>199,728</u>
<b>Subtotal</b>	2,179,622	-	(9,650)	2,169,972
<b>Capital assets being depreciated:</b>				
Buildings	5,629,955	-	-	5,629,955
Building and land improvements	2,466,799	72,129	9,650	2,548,578
Furniture, fixtures and equipment	1,810,503	297,653	(41,136)	2,067,020
Intangible Right of Use Lease – Building	233,410	-	-	233,410
Intangible Right of Use Lease – Copiers	-	37,406	-	37,406
<b>Library Collections:</b>				
Books, audio and visual materials	<u>3,270,753</u>	<u>430,228</u>	<u>(379,068)</u>	<u>3,321,913</u>
<b>Subtotal</b>	<u>13,411,420</u>	<u>837,416</u>	<u>(410,554)</u>	<u>13,838,282</u>
<b>Total cost</b>	<u>15,591,042</u>	<u>837,416</u>	<u>(420,204)</u>	<u>16,008,254</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2021	Additions	Adjustments Increases/ (Decreases)	Balance June 30, 2022
<b>Accumulated depreciation:</b>				
Buildings	(3,103,070)	(144,358)	-	(3,247,428)
Building and land improvements	(968,269)	(129,417)	-	(1,097,686)
Furniture, fixtures and equipment	(1,514,974)	(106,888)	40,601	(1,581,261)
Intangible Right of Use Lease – Building	-	(38,902)	-	(38,902)
Intangible Right of Use Lease – Copiers	-	(6,234)	-	(6,234)
<b>Library Collections:</b>				
Books, audio and visual materials	<u>(2,153,728)</u>	<u>(523,621)</u>	<u>379,068</u>	<u>(2,298,281)</u>
<b>Subtotal</b>	<u>(7,740,041)</u>	<u>(949,420)</u>	<u>419,669</u>	<u>(8,269,792)</u>
<b>Total Capital Assets, Net</b>	<u>\$ 7,851,001</u>	<u>\$ (112,004)</u>	<u>\$ (535)</u>	<u>\$ 7,738,462</u>

**NOTE 6 – LOAN AGREEMENT**

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, 2022 is \$680,000.

Principal payments for the next four years are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 680,000</u>	<u>\$ 66,185</u>	<u>\$ 746,185</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 7 – LEASES**

On August 15, 2017, the District entered into a lease agreement for space for the South Branch in Alexandria, KY. The lease term is five years and will expire on January 14, 2023 with an extension of five years. Annual lease payments are due January 15 of each year the lease is in effect. The total lease liability at implementation was \$233,410 using a discount rate of 2%.

On July 28, 2021, the District entered into an operating lease agreement for four copiers located throughout the District. The lease term is five years and will expire in August 2026. Lease payments are made on a monthly basis. The initial lease liability was \$37,406 using a discount rate of 2%.

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

Building	\$ 194,195
Copiers	<u>31,428</u>
	<u>\$ 225,623</u>

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 44,623	\$ 4,445	\$ 49,068
2024	45,515	3,553	49,068
2025	46,428	2,640	49,068
2026	47,357	1,711	49,068
2027	<u>41,700</u>	<u>810</u>	<u>42,510</u>
	<u>\$ 225,623</u>	<u>\$ 13,159</u>	<u>\$ 238,782</u>

See Note 5 for right of use lease asset information.

**NOTE 8 – LONG-TERM DEBT**

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

	<u>Balance</u> <u>June 30,</u> <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>June 30,</u> <u>2022</u>
Loan agreement	\$ 830,000	\$ -	\$(150,000)	\$ 680,000
Accrued compensation	<u>106,421</u>	<u>-</u>	<u>(17,094)</u>	<u>89,327</u>
Total	<u>\$ 936,421</u>	<u>\$ -</u>	<u>\$(167,094)</u>	<u>\$ 769,327</u>



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 9 – 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 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the CERS. KPPA issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

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

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

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

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

*Contributions.* Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the CERS Board of Trustees (the Board). Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rates set by the Board for the year ended June 30, 2022 was 26.95%, of which 21.17% was for the pension fund and 5.78% was for the insurance fund. Contributions to the pension plan from the District were \$499,497 for the year ended June 30, 2022, of which \$392,369 was for the pension fund and \$107,128 was for the insurance fund.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 9 – 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, 2022, the District reported a liability of \$4,625,823 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. The District’s proportionate share of the net pension liability was determined using the District’s actual contributions for the fiscal year ending June 30, 2021. This method was expected to be reflective of the Districts’ long-term contribution effort. At June 30, 2021, the District’s proportion was 0.072553%, which was a decrease of 0.000299% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$471,502. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 53,119	\$ 44,897
Changes of assumptions	62,084	-
Net difference between projected and actual earnings on plan investments	-	616,545
Changes in proportion and differences between district contributions and proportionate share of contributions	24,632	3,938
District contributions subsequent to the measurement date	392,369	-
	<u>\$ 532,204</u>	<u>\$ 665,380</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 9 – EMPLOYEE’S PENSION PLAN (CONTINUED)**

The \$392,369 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (46,520)
2024	(147,160)
2025	(138,795)
2026	(193,070)
	<u>\$ (525,545)</u>

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 9 – EMPLOYEE’S PENSION PLAN (CONTINUED)**

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

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

*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	\$ 5,932,837	\$ 4,625,823	\$ 3,544,299

*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 10<sup>th</sup> of the following month. As of June 30, 2022, there was no payable to the pension plan.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 10 – POSTEMPLOYMENT BENEFITS**

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

*Benefits provided.* The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2021 is \$13.78 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

*Contributions.* Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 9 Employee's Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2022 was 26.95%, of which 21.17% was for the pension fund and 5.78% was for the insurance fund. See Note 9 for contributions to the plan from the 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, 2022, the District reported a liability of \$1,388,665 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. The District's proportionate share of the net OPEB liability was determined using the District's actual contributions for the fiscal year ending June 30, 2021. This method is expected to be reflective of the District's long-term contribution effort. At June 30, 2021, the District's proportion was 0.072536%, which was a decrease of 0.000295% from its proportion measured as of June 30, 2020.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 10 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

For the year ended June 30, 2022, the District recognized OPEB expense of \$132,758. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 218,368	\$ 414,609
Changes of assumptions	368,162	1,291
Net difference between projected and actual earnings on plan investments	-	217,237
Changes in proportion and differences between district contributions and proportionate share of contributions	8,203	16,967
District contributions subsequent to the measurement date	152,821	-
	<u>\$ 747,554</u>	<u>\$ 650,104</u>

The \$152,821 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 31,838
2024	(1,163)
2025	(2,775)
2026	<u>(83,271)</u>
	<u>\$ (55,371)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 10 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	Pre – 65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years Post – 65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period ending June 30, 2020.

*Discount rate.* The discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 30-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 9 Employee's Pension Plan. Additionally, the target allocation and best estimates of arithmetic nominal rates of return for each major asset class are the same as disclosed in Note 9.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 10 - 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 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the net OPEB liability	\$ 1,906,627	\$ 1,388,665	\$ 963,592

*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	\$ 999,674	\$ 1,388,665	\$ 1,858,184

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

**Payables to the OPEB plan**

The District makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10<sup>th</sup> of the following month. See Note 9 Employee's Pension Plan for payable as of June 30, 2022.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 11 – 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 2021 are as follows:

Category:	<u>Tax Rates</u> <u>2021</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 2021-2022 amounted to \$5,401,475.

**NOTE 12 – 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, 2022, the District refunded property taxes totaling \$5,452 under this program. The District also retroactively activated a TIF for the Ovation project in Newport, Kentucky during the fiscal year ended June 30, 2021. For the fiscal year ended June 30, 2022, the District refunded property taxes totaling \$3,505 under this program.

**NOTE 13 – RISKS AND UNCERTAINTIES**

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE 14 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 12, 2022, 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, 2022**

	Original and Final Budget	Actual Budgetary Basis
<b>REVENUES:</b>		
Property taxes	\$ 5,142,000	\$ 5,424,881
Library fines and fees	7,000	15,790
Donations	31,000	58,065
Grants	37,000	167,272
Investment earnings	7,000	14,378
Miscellaneous	1,000	9,031
<b>Total revenues</b>	<u>5,225,000</u>	<u>5,689,417</u>
<b>EXPENDITURES:</b>		
Salaries and benefits	3,026,300	2,849,062
Books and library materials	650,000	640,146
Retirement	524,100	499,497
Programming and PR expense	214,000	229,273
Debt Service	226,000	187,393
Utilities	150,000	166,880
Maintenance and repairs	121,160	100,544
Contracted computer services	85,820	96,729
Lease expense	-	82,599
Insurance	58,000	54,027
Imagination library expense	46,750	35,248
Staff development and training	32,750	32,946
Legal and professional services	33,050	29,856
Telephone	28,000	29,361
Office supplies	24,600	18,311
Travel	18,500	15,510
Miscellaneous	9,900	11,409
Postage	18,000	9,376
Board activities	4,625	6,480
Association dues	6,050	5,649
Delivery van	5,000	3,601
Capital outlay	115,750	-
	<u>5,398,355</u>	<u>5,103,897</u>
<b>Excess revenues (deficiency) over expenditures</b>	<u>(173,355)</u>	<u>585,520</u>

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, 2022**

	Original and Final Budget	Actual Budgetary Basis
<b>Excess revenue (deficiency) over expenditures - forward</b>	<u>\$ (173,355)</u>	<u>\$ 585,520</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	173,355	-
Transfers out	-	(373,541)
Proceeds from lease agreement	-	37,406
<b>Net other financing sources (uses)</b>	<u>173,355</u>	<u>(336,135)</u>
<b>Net change in fund balance</b>	<u><u>\$ -</u></u>	<u><u>\$ 249,385</u></u>

**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
<b>Sources/revenues:</b>	
Actual amounts (budgetary basis)	\$ 5,689,417
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	<u>(81,230)</u>
Total revenues as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 5,608,187</u></u>
<b>Uses/expenditures:</b>	
Actual amounts (budgetary basis)	\$ 5,103,897
Differences - budget to GAAP:	
The District budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis	<u>(7,473)</u>
Total expenditures as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 5,096,424</u></u>

**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, 2022**

**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 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\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.072553%	0.072852%	0.072311%	0.071386%	0.072158%	0.073319%	0.071216%	0.063872%		
District's proportionate share of the net pension liability (asset)	\$ 4,625,823	\$ 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	\$ 1,853,196	\$ 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	249.61%	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	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%		

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 392,369	\$ 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>\$ (392,369)</u>	<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>	<u>\$ -</u>	
District's covered-employee payroll	\$ 1,850,118	\$ 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	21.21%	19.28%	19.29%	16.19%	14.55%	13.95%	12.40%	12.75%	13.74%	

The accompanying notes are an integral part of this statement.

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

**NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION**

**June 30, 2022**

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

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

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

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

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

2015

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

2017

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

2019

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



**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\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net OPEB liability (asset)	0.072536%	0.072831%	0.072297%	0.071383%	0.072158%					
District's proportionate share of the net OPEB liability (asset)	\$ 1,388,665	\$ 1,758,647	\$ 1,216,003	\$ 1,267,391	\$ 1,450,623					
District's covered-employee payroll	\$ 1,853,196	\$ 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	74.93%	94.24%	66.70%	71.52%	82.51%					
Plan fiduciary net position as a percentage of the total pension liability	62.91%	51.67%	60.44%	57.62%	52.39%					

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

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

**SCHEDULE OF DISTRICT OPEB FUND CONTRIBUTIONS**

**County Employees Retirement System**

Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 107,128	\$ 88,124	\$ 88,787	\$ 95,710	\$ 83,700	\$ 83,147				
Contributions in relation to the contractually required contribution	<u>\$ (107,128)</u>	<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>	<u>\$ -</u>				
District's covered-employee payroll	\$ 1,850,118	\$ 1,853,196	\$ 1,866,106	\$ 1,823,228	\$ 1,772,087	\$ 1,758,167				
Contributions as a percentage of covered-employee payroll	5.79%	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, 2022**

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

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

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

2017

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

2018

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

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For 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.**

**NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION**

**June 30, 2022**

2021

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

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

**ADMINISTRATIVE EXPENSE DETAIL**

**June 30, 2022**

Utilities and telephone	\$ 196,606
Professional services	29,856
Contracted computer service	94,382
Office supplies	18,311
Staff development	32,946
Postage	9,376
Travel	15,510
Association dues	5,649
Delivery van	3,601
Board activities	6,480
Imagination Library	35,248
Miscellaneous	<u>15,276</u>
 Total Administrative Expenses	 <u><u>\$ 463,241</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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Campbell County Public Library District Board of Trustees, Inc. as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2022.

**Report on Internal Control over Financial Reporting**

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

## **Report on 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Bramel & Ackley, P.S.C.*

December 12, 2022