

GRANT COUNTY PUBLIC LIBRARY  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
And  
INDEPENDENT AUDITOR'S REPORTS  
Year Ended June 30, 2020

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GRANT COUNTY PUBLIC LIBRARY  
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**INDEPENDENT AUDITOR'S REPORT**

Board Members  
Grant County Public Library  
Williamstown, Kentucky

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Grant County Public Library, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6, and the Budgetary Comparison on page 29, Schedule of the Proportionate Share of the Net Pension Liability, on page 30, Schedule of the Pension Contributions on page 31, Schedule of the Library's Proportionate Share of the Net OPEB Liability on page 32, and the Schedule of the Library OPEB Contributions on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issue our report dated October 6, 2020 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

*Denise M. Keene*

Denise M. Keene, CPA

Georgetown, Kentucky

October 6, 2020

**GRANT COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2020**

As management of the Grant County Public Library (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

The beginning cash balance for the Library was \$2,478,177.

The ending cash balance for the Library was \$2,195,918.

This past year has been like no other year in memory, and hopefully it will not repeat itself anytime soon! The year began like any other and was even much better since we opened the expansion of our library. Staff was getting used to a larger building and new procedures as it pertained to the new space. Summer Reading Program attendance to programs and checkouts were great. Our newest employee, Racheal Wodraska, hired to work with the teens and young adults enthusiastically worked on programming for this age group.

We welcomed a new Board Member, Jean Payak, who lives in the Crittenden area. Jean has been a long-term volunteer for the library, working with the newspapers and local history projects.

The library began fall programs and brought together another How-To Festival, author CC Payne, watercolor classes, yoga (very popular), sewing classes, cooking demonstrations and book discussions. The two study rooms included in the renovation have been steadily used for quiet places where people can take a test, attend tutoring sessions, or just need somewhere with no distractions while they work. We had our most successful book sale in September and set it up in the Community room for an entire week,

The display areas in the front hallway have had several collections in them and the public has enjoyed looking at them.

In January we began looking toward planning for the next Summer Reading Program, continuing Winter Reading and all the possibilities of a new budget. Until February. Between the first of the year and the next six weeks we first heard about the virus in China and were concerned in a peripheral way, but growing more concerned with each passing week as we heard the news reports. By March it was clear that it had become a pandemic and would affect everyone on the globe. The library made the decision to shut the building on March 14. Staff were sent home and in two weeks we gathered back at the library, properly distanced and divided duties and developed ideas or programs that could be done online through our website and social media. The library staff did an outstanding job of reporting, doing programs, researching, and posting information. The entire world seemed to, in a very short time, get up and running on an internet platform. I initially chose to use Teams from Microsoft to do staff meeting weekly, but later switched over to Zoom.

During the month of May I made the decision to furlough staff, either partially or fully. I wish I had never done this, as almost everyone's benefits were delayed by weeks and in some cases, by months. It was done with the best intentions but had the worst results. By the end of May into June most all staff had been notified of returning to work and by July they had. Our three Page positins were temporarily eliminated.

We opened back up to the public on a new schedule with limited services and staff July 6. Programming and meetings were cancelled. The Census trainings were allowed to meet with new regulations.

Beginning in June we started Curbside Service, and this was welcomed by the public. With a limited staff onsite, patrons placed their orders and we delivered to their car. Materials being checked were and are being quarantined for 4 days, based on the best information about the virus we had at the time. Patrons were able to pick up an Activity bag and we had five categories: Adult, Teen, Elementary, and two levels of Pre-school ages. Each had an appropriate activity and/or craft to their age and the theme. These were extremely popular, so much so that plans were made to continue it in the fall.

We are looking forward to the future where we can have in-person meetings and programs again, however we realize that may be a year or more in the future.

In June I made the decision to officially retire in December 2020. The past 13 years have been some of my favorite and I feel that the library has made good progress in developing and continuing excellent services to the public. There is now a larger building that will be able to serve the public's needs for many years to come and it will provide a flexible area to grow into. I have made many wonderful friends in Grant County and wish them and the county continued growth and success.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements outline functions of the Library that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library include public service, operation and maintenance of plant, and administration. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

**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 Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be divided into three categories: governmental, proprietary funds and fiduciary funds. The Library does not currently have any proprietary or fiduciary funds. All other activities of the Library are included in the governmental funds. The basic governmental fund financial statements can be found on pages 9 through 12 of this report.

**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. The notes to the financial statements can be found on pages 13 through 28 of this report.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$3,467,643 as of June 30, 2020.

The largest portion of the Library's net assets reflects its investment in capital assets.

The Library's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Net Position for the period ending June 30, 2019 and June 30, 2020**

The Library is following GASB 34 the following is a comparison of assets, liabilities and net position. 2019 Government Wide compared to 2020 are as follows:

	<b>Net Position</b>	
	<u><b>2019</b></u>	<u><b>2020</b></u>
Total Assets	\$7,951,040	\$8,132,565
Deferred Outflows of Resources	\$351,962	\$372,857
Total Liabilities	\$4,883,474	\$4,884,639
Deferred Inflows of Resources	\$144,688	\$153,140
<b>Net Position</b>		
Investment in capital assets (net of related debt)	\$1,915,387	\$2,464,143
Restricted	366,354	93,454
Committed	986,746	1,041,404
Unrestricted	<u>6,353</u>	<u>(131,358)</u>
<b>Total Net Position</b>	\$3,274,840	\$3,467,643

**Changes in Net Position for the period ending June 30, 2019 and June 30, 2020**

The following presents a summary of revenue and expense comparing 2019 to 2020.

	<b>Changes in Net Position</b>	
	<u><b>2019</b></u>	<u><b>2020</b></u>
<b>Revenues</b>		
Taxes	\$1,416,959	\$1,522,964
Intergovernmental-State	170,410	167,911
Earnings on Investments	19,678	8,965
Other Local Revenues	22,003	16,391
Donations	<u>3,115</u>	<u>430</u>
<b>Total Revenues</b>	1,632,165	1,716,661
<b>Expenses</b>		
Public Service	1,058,196	1,062,967
Plant Operations	135,967	210,450
Library Administration	120,434	121,470
Interest Expense	<u>173,502</u>	<u>128,971</u>
<b>Total Expenses</b>	1,488,099	1,523,858
<b>Change in Net Position</b>	144,066	192,803
<b>Beginning Net Position</b>	<u>3,130,774</u>	<u>3,274,840</u>
<b>Ending Net Position</b>	\$3,274,840	\$3,467,643

The government's overall financial position and results of operations improved as a result of the year's operations as reflected in the increase in net position for the year.

**Budget Comments**

The Library's fiscal year is July 1 to June 30. The original budget was for \$1,449,800 a revision was done between codes during the year, however the final budget was \$1,429,200.

**INFRASTRUCTURE**

The Library has not reported any infrastructure in the current financial statements.

**Analysis of Balances and Transactions of Individual Funds**

<b>Fund</b>	<b>Beginning</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Transfers</b>	<b>Ending</b>
General Fund	\$2,113,159	\$1,563,994	\$1,182,808	(\$330,900)	\$2,163,445
Construction Fund	\$346,606	\$699	\$473,892	\$200,000	\$73,413
Debt Service Fund	\$19,748	\$151,968	\$282,575	\$130,900	\$20,041

**Capital Assets**

<b>Governmental</b>	<b>Beginning</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending</b>
Capital Assets	\$7,400,257	\$3,842,678	\$3,251,875	\$7,991,060
Accumulated Depreciation	\$1,954,482	\$195,651	\$0	\$2,150,133
Bonds Payable	\$3,498,681	\$0	\$152,593	\$3,346,088

**CURRENT ISSUES**

no comments

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Susan Nimersheim 859-824-2080, or by mail at 201 Barnes Road, Williamstown, KY 41097.



GRANT COUNTY PUBLIC LIBRARY  
STATEMENT OF NET POSITION  
GOVERNMENT WIDE  
As of June 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$2,195,918
Accounts receivable	95,720
Capital Assets - Note C	7,991,060
Less: accumulated depreciation	<u>(2,150,133)</u>
Total assets	\$8,132,565
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from pension	\$265,178
Deferred outflows from OPEB	<u>107,679</u>
Total Deferred Outflows of Resources	\$372,857
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$20,008
Accrued payroll taxes payable	\$2,597
Accrued wages	12,134
Accrued interest expense	30,696
Long-term liabilities	
Due within 1 year	161,088
Due in more than 1 year	3,185,000
Pension liability	1,188,866
OPEB liability	<u>284,250</u>
Total liabilities	4,884,639
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows from pension	\$51,228
Deferred inflows from OPEB	<u>101,912</u>
Total Deferred Inflows of Resources	\$153,140
<b>NET POSITION</b>	
Net investment in capital assets	\$2,464,143
Restricted for:	
Debt service	20,041
Construction	73,413
Committed for:	
Depreciation	50,000
Capital Development	400,000
Contingency	591,404
Unrestricted	<u>(131,358)</u>
Total net position	\$3,467,643

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
GOVERNMENT WIDE  
For the year ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
<b>Governmental Activities</b>							
Public service	\$1,062,967	\$0	\$16,391		(\$1,046,576)	\$	(\$1,046,576)
Plant operation and maintenance	210,450				(210,450)		(210,450)
Library administration	121,470				(121,470)		(121,470)
Interest expense	<u>128,971</u>		<u>128,971</u>		<u>0</u>		<u>0</u>
Total governmental activities	1,523,858	<u>0</u>	<u>145,362</u>	<u>0</u>	(1,378,496)		(1,378,496)
			<b>General Revenues</b>				
			Taxes		\$1,522,964		\$1,522,964
			Intergovernmental		38,940		38,940
			Contributions		430		430
			Investment earnings		<u>8,965</u>		<u>8,965</u>
			Total general		1,571,299		1,571,299
			Change in net position		192,803		192,803
			Net position - beginning		<u>3,274,840</u>		<u>3,274,840</u>
			Net position - ending		\$3,467,643		\$3,467,643

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2020

	General Fund	Construction Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$2,020,564	\$73,413	\$101,941	\$2,195,918
Interfund receivable	81,900			81,900
Other receivables	<u>95,720</u>			<u>95,720</u>
<b>TOTAL ASSETS</b>	<b>\$2,198,184</b>	<b>\$73,413</b>	<b>\$101,941</b>	<b>\$2,373,538</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$20,008		\$	\$20,008
Interfund payable			81,900	81,900
Accrued payroll taxes payable	\$2,597			2,597
Accrued wages	<u>12,134</u>			<u>12,134</u>
<b>Total liabilities</b>	<b>34,739</b>		<b>81,900</b>	<b>116,639</b>
<b>Fund Balances</b>				
<b>Restricted</b>				
Debt Service			20,041	20,041
Construction		73,413		73,413
<b>Committed</b>				
Depreciation	50,000			50,000
Capital Development	400,000			400,000
Contingency	591,404			591,404
Unassigned	<u>1,122,041</u>			<u>1,122,041</u>
<b>Total fund balances</b>	<b>2,163,445</b>	<b>73,413</b>	<b>20,041</b>	<b>2,256,899</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$2,198,184</b>	<b>\$73,413</b>	<b>\$101,941</b>	<b>\$2,373,538</b>

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET POSITION  
 June 30, 2020

Amounts reported for governmental activities in the statement of net position  
 are different because:

<b>Total Fund Balance - Governmental Funds</b>	<b>\$2,256,899</b>
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position	5,840,927
Deferred outflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	372,857
Deferred inflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	(153,140)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position	
	Bonds Payable (3,346,088)
	Pension Liability (1,188,866)
	OPEB Liability (284,250)
	Accrued Interest on Bonds <u>(30,696)</u>
<b>Total Net Position - Governmental Activities</b>	<b>\$3,467,643</b>

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2020

	General Fund	Construction Fund	Debt Service Fund	Total Governmental Funds
Revenues				
From local sources				
Taxes	1,522,964			1,522,964
Earnings on investments	8,198	699	68	8,965
Contributions	430			430
Other local revenues	16,391			16,391
Intergovernmental-State	<u>16,011</u>		<u>151,900</u>	<u>167,911</u>
Total revenues	1,563,994	<u>699</u>	<u>151,968</u>	1,716,661
Expenditures				
Public service	902,016			902,016
Plant operation and maintenance	159,322			159,322
Library administration	121,470			121,470
Facilities		473,892		473,892
Debt service			<u>282,575</u>	<u>282,575</u>
Total expenditures	<u>1,182,808</u>	<u>473,892</u>	<u>282,575</u>	1,939,275
Excess(deficit)of revenues over expenditures	381,186	(473,193)	(130,607)	(222,614)
Other Financing Sources (Uses)				
Operating Transfers In		200,000	130,900	330,900
Operating Transfers Out	<u>(330,900)</u>			<u>(330,900)</u>
Total Other Financing Sources (Uses)	<u>(330,900)</u>	<u>200,000</u>	<u>130,900</u>	0
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds	50,286	(273,193)	293	(222,614)
Fund balance, July 1, 2019	<u>2,113,159</u>	<u>346,606</u>	<u>19,748</u>	<u>2,479,513</u>
Fund balance, June 30, 2020	\$2,163,445	\$73,413	\$20,041	\$2,256,899

See accompanying notes

GRANT COUNTY PUBLIC LIBRARY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
 THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

**Total net change in fund balances - governmental funds** (\$222,614)

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

Depreciation Expense	(195,651)	
Capital Outlays	<u>590,803</u>	395,152

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of Bond Principal		152,593
Deferred Outflows		20,895
Deferred Inflows		(8,452)

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Change in Pension Liability	(161,127)	
Change in OPEB Liability	15,345	
Change in Accrued Interest	<u>1,011</u>	

**Total Change in Net Position - Governmental Activities** \$192,803

See accompanying notes

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

REPORTING ENTITY

The Grant County Public Library (Library) is a special taxing district created under Kentucky Revised Statutes 173.710. The Library was established on May 13, 1976.

Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities present a comparison between direct expenses and program revenues for each segment of the business-type activities of the Library and for each function or program of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Library.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.

GRANT COUNTY PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

Restricted Fund Balance

Fund balance will be reported as restricted when constraints placed on the use of resources are either, (a) externally imposed by creditors, granters, contributors, or laws or regulations or other governments; (b) imposed by laws through constitutional provisions or enabling legislation. The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board will be reported as committed fund balance.

Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

Fund Financial Statements - Fund financial statements report detailed information about the Library. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the Library finances and meets the cash flow needs of its proprietary activities.

The Library has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the Library. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the Library.
- (B) Construction Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.



GRANT COUNTY PUBLIC LIBRARY  
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II. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky law.

III. Proprietary Funds (Enterprise Fund)

The Proprietary Fund is used to account for business-type activities. The Library does not currently have any proprietary funds.

IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

The Fiduciary Fund is used to account for agency and private purpose trust funds. The Library does not currently have any fiduciary funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchanges and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Library available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirement are met are recorded as deferred revenue.

GRANT COUNTY PUBLIC LIBRARY  
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Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property Tax Revenues - Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied.

The property tax rates assessed for the year ended June 30, 2020, to finance the General Fund operations were \$.104 per \$100 valuation for real property, \$.1721 per \$100 valuation for personal property, and \$.03 per \$100 valuation for motor vehicles.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the governmental-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of one thousand dollars. The Library does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25 - 50 years
Technology Equipment	5 years
Furniture and Fixtures	20 years

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Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

Budgetary Basis of Accounting: The Library's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Cash and Cash Equivalents

The Library considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Subsequent Events

Subsequent events were considered through October 6, 2020, which represents the date of our report.

GRANT COUNTY PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
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Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources.

Fund Balance Reserves

The Library reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

GRANT COUNTY PUBLIC LIBRARY  
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Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense, information about the fiduciary net position of the CERS and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS. The plans recognizes benefit payments when due and payable in accordance with the benefit term.

Uses of Estimates

The process of preparing financial statements in conformity with general accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

**NOTE B - PROPERTY TAX CALENDAR**

Property taxes for fiscal year 2020 were levied on the assessed valuation of property located in the County as of January 1, 2019 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

GRANT COUNTY PUBLIC LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE C - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Land and improvements	\$97,243	\$7,408	\$0	\$104,651
Buildings and improvements	2,031,673	3,693,992		5,725,665
Technology equipment	118,067	35,104		153,171
Vehicle	25,150			25,150
Furniture, fixtures, books	1,876,249	106,174		1,982,423
Construction in Process	<u>3,251,875</u>		<u>3,251,875</u>	<u>0</u>
Totals at historical cost	7,400,257	3,842,678	3,251,875	7,991,060
Less: accumulated depreciation				
Buildings and improvements	764,015	51,128		815,143
Technology equipment	94,960	11,145		106,105
Vehicle	19,282	5,030		24,312
Furniture, fixtures, books	<u>1,076,225</u>	<u>128,348</u>		<u>1,204,573</u>
Total accumulated depreciation	1,954,482	195,651	0	2,150,133
Governmental Activities - Capital Assets - Net	\$5,445,775	\$3,647,027	(\$3,251,875)	\$5,840,927

**NOTE D - CONTINGENCIES**

The District sometimes receives funding from federal, state and local government agencies. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantor's may request a refund of monies advanced or refuse to reimburse the Library for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant.

**NOTE E - INSURANCE AND RELATED ACTIVITIES**

The Library is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, accidents, errors and omissions, fiduciary responsibilities, etc. Each of these risk areas are covered through the purchase of commercial insurance.

GRANT COUNTY PUBLIC LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE F - CASH AND CASH EQUIVALENTS**

At year end, the carrying amounts of the Library's cash and cash equivalents was \$2,195,918. The bank balance was \$2,203,861. The difference is the result of deposits in transit, outstanding checks and cash on hand. Of the total bank balance \$250,000 was covered by federal deposit insurance and the balance was covered by collateral held in the Library's name at Heritage Bank. Therefore, at June 30, 2020 all deposit bank balances were fully collateralized or insured.

**NOTE G - BONDS PAYABLE**

The amount shown in the accompanying financial statements as bonds payable represents the Library's future obligations to make lease payments relating to the bonds issued aggregating \$4,312,750

The following schedule is a summary of future payments.

Fiscal Year	Principal	Interest	Total	KDLA Grant
2020-21	161,088	123,272	284,360	81,900
2021-22	95,000	116,300	211,300	81,900
2022-23	100,000	112,500	212,500	81,900
2023-28	565,000	498,700	1,063,700	409,500
2028-33	665,000	394,494	1,059,494	409,500
2033-38	695,000	275,506	970,506	327,600
2038-43	485,000	167,037	652,037	
2043-48	<u>580,000</u>	<u>66,188</u>	<u>646,188</u>	
	\$3,346,088	\$1,753,997	\$5,100,085	\$1,392,300

	Beginning	Additions	Deductions	Ending
Bonds	\$3,498,681	\$0	\$152,593	\$3,346,088

**NOTE H - COMMITTED FUNDS**

On March 12, 2012 the Board of Directors passed a resolution to commit the following funds:  
 A **Depreciation Fund** shall retain moneys necessary for renewing, restoring, replacing, or substituting Library property to maintain the Library's continuity of service. The initial balance shall be set at \$50,000 or such greater amount as may be determined by the Library Board.  
 A **Capital Development Fund** shall retain moneys necessary to support future building, renovation, and land acquisition projects for expansion purposes.  
 A **Contingency Fund** shall maintain a reserve of six months' operating expenses to be used for unforeseen emergencies such as late tax collection, property damage, and any other circumstances that would hinder the normal operation of the Library.

**NOTE I - RETIREMENT PLAN**

Library employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>

CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of the state legislature.

Non-hazardous Contribution - For the year ended June 30, 2020 plan members were required to contribute 5% of their annual compensation. Members with a participation date on or after September 1, 2008 must contribute an additional 1%. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of the biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2020, participating employer's contributed 24.06% of each employee's creditable compensation. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 24.06% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.



GRANT COUNTY PUBLIC LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE I - RETIREMENT PLAN (continued)**

At June 30, 2020, the Library reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The Library's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2019. At June 30, 2019 the Library's proportion was 0.016900%.

For the year ended June 30, 2020, the Library recognized pension expense of \$213,752. At June 30, 2020, the Library reported deferred outflows of resources for Library contributions subsequent to the measurement date of \$86,110 and deferred outflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$179,068. The Library had deferred inflows of \$51,228.

Library contributions subsequent to the measurement date of \$86,110 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to CERS will be recognized in pension expense as follows:

<u>Year:</u>	Outflows
2021	\$81,974
2022	31,972
2023	12,535
2024	1,359
thereafter	<u>0</u>
Total	\$127,840

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	26 years, closed
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 11.55% varies by service
Investment Rate of Return	6.25%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.

**NOTE I - RETIREMENT PLAN (continued)**

The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 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 ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected 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 weighing 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. The current long term inflation assumption is 2.30% per annum.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	18.75%	4.30%
Non U.S. Equity	18.75%	4.80%
Specialty Credit High Yield	15.00%	2.60%
Core Bonds	13.50%	1.35%
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Private Equity	10.00%	6.65%
Real Return	15.00%	4.10%
Cash	<u>1.00%</u>	0.20%
	100.00%	

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

**NOTE I - RETIREMENT PLAN (continued)**

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2019, is based on the June 30, 2018 actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease 5.25%	Current Discount Rate 6.25	1% Increase 7.25
Library's proportionate share of the net pension liability	\$1,486,934	\$1,188,866	\$940,429

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>

Payables to the pension plan: At June 30, 2020 the Library had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

**OPEB**

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net portion. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2018. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2019, using generally accepted actuarial principles.

**NOTE I - RETIREMENT PLAN (continued)**

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.

Discount Rate: The projection of cash flows used to determine the discount rate of 5.69% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index", as of June 30, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

The Library's proportionate share of the Net OPEB Liability as of June 30, 2019 is \$284,250. The Library's proportionate share is 0.016900%. The Library's proportionate share of the OPEB expense is \$31,020. The total Deferred Outflows of Resources is \$86,442 and the total Inflows of Resources is \$101,912. Total employer contributions were \$22,429, implicit subsidy was \$4,943 for a total contributions of \$27,372.

**OPEB**

	Discount Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	4.68% \$380,778	5.68% \$284,250	6.68% \$204,717

	Healthcare Cost Trend Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$211,398	\$284,250	\$372,591

GRANT COUNTY PUBLIC LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE I - RETIREMENT PLAN (continued)**

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Remaining Amortization Period	26 Years, Closed
Payroll Growth Rate	2.00%
Investment Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 11.55%, varies by service
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.25%, at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 4 years.
Phase-in provision	Board certified rate is phased into the actuarially determine rate in accordance with HB 362 enacted in 2018.

GRANT COUNTY PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE I - RETIREMENT PLAN (continued)**

**OPEB**

The following is a summary of collective Deferred Outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending	Deferred Outflows/ (Inflows) of Resources MIF
2020	(2,271)
2021	(2,271)
2022	1,743
2023	(5,946)
2024	(5,708)
thereafter	<u>(1,017)</u>
Total	(15,470)

**SUPPLEMENTAL INFORMATION**

GRANT COUNTY PUBLIC LIBRARY  
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
 Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$1,403,000	\$1,382,000	\$1,522,964	\$140,964
Earnings on investments	9,000	10,000	8,198	(1,802)
Other local revenues	21,600	21,000	16,821	(4,179)
Intergovernmental-State	<u>16,200</u>	<u>16,200</u>	<u>16,011</u>	<u>(189)</u>
<b>TOTAL REVENUES</b>	<b>1,449,800</b>	<b>1,429,200</b>	<b>1,563,994</b>	<b>134,794</b>
<b>EXPENDITURES</b>				
Public service	977,580	1,004,390	902,016	102,374
Plant operation and maintenance	95,000	153,000	159,322	(6,322)
Library administration	<u>121,470</u>	<u>121,470</u>	<u>121,470</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>1,194,050</b>	<b>1,278,860</b>	<b>1,182,808</b>	<b>96,052</b>
Excess (Deficit) of Revenues Over Expenditures	255,750	150,340	381,186	230,846
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	<u>(255,750)</u>	<u>(150,340)</u>	<u>(330,900)</u>	<u>(180,560)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(255,750)</b>	<b>(150,340)</b>	<b>(330,900)</b>	<b>(180,560)</b>
Change in Fund Balance	0	0	50,286	50,286
Fund Balance, July 1, 2019	<u>0</u>	<u>0</u>	<u>2,113,159</u>	<u>2,113,159</u>
Fund Balance, June 30, 2020	\$0	\$0	\$2,163,445	\$2,163,445



GRANT COUNTY PUBLIC LIBRARY  
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 For The Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset) CERS	\$1,188,866	\$1,027,739	\$980,546	\$860,803	\$625,191	\$493,000
Library's proportionate share of the net pension liability (asset) CERS	0.016900%	0.016875%	0.016752%	0.017483%	0.01454%	0.015196%
Library's covered employee payroll CERS	\$426,397	\$426,398	\$418,234	\$408,219	\$485,024	\$348,874
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll CERS	278.82%	241.03%	234.45%	210.87%	128.90%	141.31%
Plan fiduciary net position as a percentage of the total pension liability CERS	50.45%	53.54%	53.30%	55.50%	59.97%	66.60%

Note: The schedule is intended to show information for the last 10 fiscal years.  
 Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY  
 SCHEDULE OF THE LIBRARY PENSION CONTRIBUTIONS  
 For The Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions							
CERS	\$69,162	\$60,560	\$61,965	\$77,304	\$77,225	\$65,902	\$64,155
Contributions in relation to the contractually required contribution							
CERS	\$69,162	\$60,650	\$61,965	\$77,304	\$77,225	\$65,902	\$64,155
Contribution deficiency (excess)							
CERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Library's covered employee payroll							
CERS	\$426,397	\$426,398	\$418,234	\$408,219	\$485,024	\$348,874	\$317,686
Contributions as a percentage of covered employee payroll							
CERS	16.22%	14.20%	14.82%	18.94%	15.92%	18.89%	20.19%

Note: The schedule is intended to show information for the last 10 fiscal years.  
 Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY  
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 For The Year Ended June 30, 2020

	2020	2019	2018
Library's proportion of the net OPEB liability (asset)	\$284,250	\$299,595	\$336,773
Library's proportionate share of the net OPEB liability (asset)	0.016900%	0.016874%	0.016752%
Library's covered employee payroll CERS	\$426,397	\$426,398	\$418,234
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	66.66%	70.26%	80.52%
Plan fiduciary net position as a percentage of the total OPEB liability CERS	60.44%	57.62%	52.40%

Note: The schedule is intended to show information for the last 10 fiscal years.  
 Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY  
 SCHEDULE OF THE LIBRARY OPEB CONTRIBUTIONS  
 For The Year Ended June 30, 2020

	2020	2019	2018
Contractually required contributions	\$22,429	\$19,657	\$19,292
Contributions in relation to the contractually required contribution	\$22,429	\$19,657	\$19,292
Contribution deficiency (excess)	\$0	\$0	\$0
Library's covered employee payroll	\$426,397	\$426,398	\$418,234
Contributions as a percentage of covered employee payroll	5.26%	4.61%	4.61%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

GRANT COUNTY PUBLIC LIBRARY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For The Year Ended June 30, 2020

**PENSIONS**

**Changes of benefit terms**

CERS -none

**Changes of assumptions**

CERS

The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled, "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018. The Total Pension Liability as of June 30, 2019 was determined using these updated assumptions.

**OPEB**

**Changes of benefit terms**

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active member who die in the line of duty. The system now pay 100% of the insurance for spouses and children of all active members who die in the line of duty.

**Changes of assumptions**

CERS

The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled, "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018. The Total OPEB Liability as of June 30, 2019 was determined using these updated assumptions.

**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
859-421-5062**

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

Grant County Public Library  
Members of the Board of Directors  
Williamstown, 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, each major fund, and the aggregate remaining fund information of the Grant County Public Library, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated October 6, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the 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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
October 6, 2020